UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q /A
(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2019

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-27039

MARIJUANA COMPANY OF AMERICA, INC.

(Exact name of registrant as specified in its charter)

Utah	98-1246221
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1340 West Valley Parkway
Suite 205
Escondido, CA 92029
(Address of principal executive offices) (zip code)

(888) 777-4362
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

As of June 30, 2019, there were47,314,675 shares of registrant's common stock outstanding.

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2019	December 31, 2018
	Unaudited	Audited
ASSETS		
Current assets:		
Cash	$ 102,627	$ 359,577
Short-term Investments	525,000	810,000
Accounts receivable, net	38,359	46,376
Inventory	249,458	186,989
Other current assets	63,064	93,833
Total current assets	978,508	1,496,775
Property and equipment, net	11,742	12,430
Other assets:		
Long-term Investments	3,463,526	408,077
Security deposit	2,500	2,500
Total assets	$ 4,456,276	$ 1,919,782
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	609,730	416,444
Accrued compensation	180,000	454,316
Accrued liabilities	268,448	216,946
Debt obligations of Joint venture	1,778,872	289,742
Notes payable, related party	71,553	287,140
Convertible notes payable, net of debt discount of $1,073,720 and $896,180, respectively	2,149,170	1,132,668
Derivative liability	2,211,570	2,256,631
Total current liabilities	7,269,343	5,053,887
Total liabilities	7,269,343	5,053,887
Stockholders' deficit:		
Preferred stock, $0.001 par value, 50,000,000 shares authorized		
Class A preferred stock, $0.001 par value, 10,000,000 shares designated, 10,000,000 shares issued and outstanding as of June 30, 2019 and December 31, 2018	10,000	10,000
Common stock, $0.001 par value; 5,000,000,000 shares authorized; 47,314,625 and 42,687,301 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	47,315	42,687
Common Stock to be issued	1,174	—
Common stock subscriptions	—	90,000
Additional paid in capital	55,764,341	50,707,103
Accumulated deficit	(58,635,896)	(53,983,895)
Total stockholders' deficit	(2,813,066)	(3,134,105)
Total liabilities and stockholders' deficit	$ 4,456,276	$ 1,919,782

See the accompanying notes to these unaudited condensed consolidated financial statements

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For the three months Ended June 30,		For the six months Ended June 30,	
	2019	2018	2019	2018
REVENUES:				
Sales	$ 201,771	$ 28,435	$ 315,042	$ 47,445
Related party Sales	6,809	—	8,348	—
Total Revenues	208,580	28,435	323,390	47,445
Cost of sales	29,139	4,164	69,017	14,610
Gross Profit	179,441	24,271	254,373	32,835
OPERATING EXPENSES:				
Selling, general and administrative expenses	1,477,415	861,886	2,464,756	1,163,365
Depreciation	1,695	1,525	3,391	2,918
Total operating expenses	1,479,110	863,411	2,468,147	1,166,283
Net loss from operations	(1,299,669)	(839,140)	(2,213,774)	(1,133,448)
OTHER INCOME (EXPENSES):				
Interest expense, net	(1,005,970)	(1,350,633)	(1,442,252)	(2,081,379)
Legal contingency expense	—	(1,676,870)	—	(1,676,870)
Impairment of Joint Ventures	—	(296,761)	—	(296,761)
Loss on equity investment	(171,284)	(11,043)	(230,825)	(48,716)
Gain (Loss) on change in fair value of derivative liabilities	2,207,299	(3,470,957)	(480,150)	1,585,729
Unrealized Loss on trading securities	(150,000)	—	(285,000)	—
Gain on settlement of debt	—	—	—	156,839
Total other income (expense)	880,045	(6,806,264)	(2,438,227)	(2,361,158)
Net loss before income taxes	(419,624)	(7,645,404)	(4,652,001)	(3,494,606)
Income taxes (benefit)	—	—	—	—
NET INCOME (LOSS)	$ (419,624)	$ (7,645,404)	$ (4,652,001)	$ (3,494,606)
Loss per common share, basic and diluted	$ (0.009)	$ (0.206)	$ (0.116)	$ (0.096)
Weighted average number of common shares outstanding, basic and diluted (after stock-split)	46,170,199	37,054,791	40,100,656	36,216,250

See the accompanying notes to these unaudited condensed consolidated financial statements

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2019 and 2018 (UNAUDITED)

	Class A Preferred Stock		Common Stock		Common Stock to be issued		Common Stock	Additional Paid In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Subscriptions	Capital	Deficit	Total
Balance, December 31, 2017	**10,000,000**	**$ 10,000**	**35,057,733**	**$ 35,058**	**—**	**$ —**	**$ —**	**$ 32,525,294**	**$ (42,888,104)**	**$ (10,317,752)**
Common stock issued for services rendered	—	—	29,180	29	—	—	—	90,876		90,905
Common stock issued in settlement of convertible notes payable and accrued interest	—	—	702,340	702	—	—	—	761,948	—	762,650
Conversion of related party notes payable			1,265,471	1,265		—		758,017		759,282
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—	303,447	303	—	—		(303)	—	0
Proceeds from common stock subscriptions							190,000			190,000
Reclassification of derivative liabilities								1,456,550		1,456,550
Reclassification of warrant liability								691,850		691,850
Stock based compensation	—	—			—	—		(214,501)	—	(214,501)
Net Loss	—	—	—	—	—	—	—	—	(3,494,606)	(3,494,606)
Balance, June 30, 2018	**10,000,000**	**$ 10,000**	**37,358,171**	**$ 37,358**	**—**	**$ —**	**$ 190,000**	**$ 36,069,731**	**$ (46,382,710)**	**$ (10,075,621)**

	Class A Preferred Stock		Common Stock		Common Stock to be issued		Common Stock	Additional Paid In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Subscriptions	Capital	Deficit	Total
Balance, December 31, 2018	**10,000,000**	**$ 10,000**	**42,687,301**	**$ 42,687**	**—**	**$ —**	**$ 90,000**	**$ 50,707,103**	**$ (53,983,895)**	**$ (3,134,105)**
Common stock issued for services rendered	—	—	535,387	535	—	—	—	548,715		549,250
Common stock issued in settlement of convertible notes payable and accrued interest	—	—	1,683,854	1,684	—	—	—	2,032,824	—	2,034,508
Additional paid-in capital due to issuance of convertible debt	—	—		—	—	—	—	462,714		462,714
Common stock to be issued pursuant to NPE stock purchase agreement			1,220,856	1,221	1,173,709	1,174		1,730,119		1,732,514
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—	655,556	656	—	—	(40,000)	79,344	—	40,000
Sale of common stock	—	—	531,671	532	—	—	(50,000)	203,522	—	154,054
Net Loss	—	—	—	—	—	—	—	—	(4,652,001)	(4,652,001)
Balance, June 30, 2019	**10,000,000**	**$ 10,000**	**47,314,625**	**$ 47,315**	**1,173,709**	**$ 1,174**	**$ —**	**$ 55,764,341**	**$ (58,635,896)**	**$ (2,813,066)**

accompanying notes to these unaudited condensed consolidated financial statements

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the six months ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (4,652,001)	$ (3,494,606)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,391	2,918
Amortization of debt discount	1,308,550	1,111,324
Bad debt expense	15,000	1,559
Non cash interest	1,442,252	900,517
Stock based compensation	100,350	(123,596)
Unrealized Gain on trading securities	285,000	
(Gain) Loss on change in fair value of derivative liabilities	480,150	(1,585,729)
Impairment of investment in BV joint venture	—	296,761
Legal Contingency expense	—	1,676,870
(Gain) Loss on settlement of debt	—	(156,839)
Loss on equity investment	230,825	48,716
Changes in operating assets and liabilities:		
Accounts receivable	(6,983)	(1,487)
Inventory	(62,469)	(172,282)
Other current assets	30,769	
Accounts payable	(67,893)	68,085
Accrued liabilities	(48,848)	
Accrued compensation	(488,682)	390,000
Net cash used in operating activities	(1,430,589)	(1,037,789)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in joint venture	(498,658)	(372,200)
Purchase of property and equipment	(2,703)	(4,203)
Net cash used in investing activities	(501,361)	(376,403)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	1,675,000	924,940
Proceeds from issuance of notes payable, related party	—	103,791
Proceeds from common stock subscriptions		190,000
Net cash provided by Financing activities	1,675,000	1,218,731
Net decrease in cash	(256,950)	(195,461)
Cash-beginning of period	359,577	249,831
Cash-end of period	$ 102,627	$ 54,370
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ —	$ —
Taxes paid	$ —	$ —
Non cash financing activities:		
Common stock issued in settlement of convertible notes payable	$ 462,714	$ 762,650
Common stock issued in settlement of related party notes payable and accrued compensation	$ —	$ 759,283
Investment in joint venture	$ 2,650,000	$ —

See the accompanying notes to these unaudited condensed consolidated financial statements

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Marijuana Company of America, Inc. (The "Company") was incorporated under the laws of the State of Utah in October 1985 under the name Mormon Mint, Inc. The corporation was originally a startup company organized to manufacture and market commemorative medallions related to the Church of Jesus Christ of Latter Day Saints. On January 5, 1999, Bekam Investments, Ltd. acquired one hundred percent of the common shares of the Company and spun the Company off changing its name Converge Global, Inc. From August 13, 1999 until November 20, 2002, the Company focused on the development and implementation of Internet web content and e-commerce applications. In October 2009, in a 30 for 1 exchange, the Company merged with Sparrowtech, Inc. for the purpose of exploration and development of commercially viable mining properties. From 2009 to 2014, we operated primarily in the mining exploration business.

In 2015, the Company changed its business model to a marketing and distribution company for medical marijuana. In conjunction with the change, the Company changed its name to Marijuana Company of America, Inc. At the time of the transition in 2015, there were no remaining assets, liabilities or operating activities of the mining business.

On September 21, 2015, the Company formed H Smart, Inc., a Delaware corporation as a wholly owned subsidiary for the purpose of operating the hempSMART™ brand.

On February 1, 2016, the Company formed MCOA CA, Inc., a California corporation as a wholly owned subsidiary to facilitate mergers, acquisitions and the offering of investments or loans to the Company.

On May 3, 2017, the Company formed hempSMART Limited, a United Kingdom corporation as a wholly owned subsidiary for the purpose of future expansion into the European market.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: H Smart, Inc., hempSMART Limited and MCOA CA, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

The unaudited condensed interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The condensed balance sheet as of December 31, 2018 has been derived from audited financial statements.

Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of results that may be expected for the year ending December 31, 2019. These condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2018.

NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during the six months ended June 30, 2019, the Company incurred net losses from operations of $4,652,001, and used cash in operations of $1,430,589. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds for the three months ended June 30, 2019 has been from revenue generated from proceeds from the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve in 2019 and beyond as it develops its business model. The Company has stockholders' deficiencies at June 30, 2019 and requires additional financing to fund future operations.

The Company's existence is dependent upon management's ability to develop profitable operations and to obtain additional funding sources. There can be no assurance that the Company's financing efforts will result in profitable operations or the resolution of the Company's liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

NOTE 3 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board ("FASB") made effective ASU 2014-09 "Revenue from Contracts with Customers," to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principal is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We adopted FASB ASC Topic 606 for our reporting period as of the year ended December 31, 2017, which made our implementation of FASB ASC Topic 606 effective in the first quarter of 2018. We decided to implement the modified retrospective transition method to implement FASB ASC Topic 606, with no restatement of the comparative periods presented. Using this transition method, we applied the new standards to all new contracts initiated on/after the effective date. We also decided to apply this method to any incomplete contracts we determine are subject to FASB ASC Topic 606 prospectively. For the year ended December 31, 2019 [and for the quarter ended June 30, 2019], there were no incomplete contracts. As is more fully discussed below, we are of the opinion that none of our contracts for services or products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

Identification of Our Contracts with Our Customers.

Contracts included in our application of FASB ASC Topic 606, consist completely of sales contracts between us and our customers that create enforceable rights and obligations. For the year ended December 31, 2018, [and for the quarter ended June 30, 2019], our sales contracts included the following parties: us, our sales associates and our customers. Our sales contracts were offered by us and our sales associates to our customers directly through our web site. Our sales contracts, and those formalized by our sales associates, are represented by an electronic order form, which contains the contractual elements of offer for sale, acceptance and the provision of consideration consisting of the buyer's payment, which is concurrent with our delivery of hempSMART™ product. Since our hempSMART™ product sales contracts are consummated upon receipt of the customer's acceptance of our offer; our concurrent receipt of our customers payment; and, our delivery of the agreed to hempSMART™ product, all parties are equally committed to fulfilling their respective obligations under the sales contracts. Further, the sales contracts specifically identify (1) parties; (2) quantity of hempSMART™ product ordered; (3) price; and, (4) subject, and so each respective party's rights are identifiable and the payment terms are defined. Since the sales contracts are consummated concurrent with offer, acceptance, payment and delivery of the hempSMART™ product ordered, we recognize revenue and cash flows as the principal from the respective sales contract transactions as they complete. Further, because our sales contracts are offered, accepted and consummated concurrently, our ability to collect revenue is immediate. We receive no payments for agreements that do not qualify as a contract. If customers agree to multiple sales contracts when they are entered into at or near the same time, our policy is to combine those contracts if: (1) the sales contracts are negotiated as a single package; (2) the payment amount of one sales contract is dependent upon another sales contract; (3) our performance obligations of delivering multiple hempSMART™ products can be determined to be part of a single transaction. Since the nature of the entry into and consummation of our sales contracts occur concurrently, there are no changes or modifications to the terms of the sales contracts that would modify the enforceable rights and performance obligations of the parties and that would materially alter the timing of our receipt of revenue from our sales contracts.

Identifying the Performance Obligations in Our Sales Contracts

In analyzing our sales contracts, our policy is to identify the distinct performance obligations in a sales contract arrangement. In determining our performance obligations under our sales contracts, we consider that the terms and conditions of sales are explicitly outlined in our sales contracts and are so distinct and identifiable within the context of each sales contract, and so are not integrated with other goods, or constitute a modification or customization of other goods in our contracts, or are highly dependent or highly integrated with other goods in our sales contracts. Thus, our performance obligations are singularly related to our promise to provide the hempSMART™ products upon receipt of payment. We offer an assurance warranty on our hempSMART™ products that allows a customer to return any hempSMART™ products within thirty days if not satisfied for any reason. Assurance warranties are not identifiable performance obligations, since they are electable at the whim of the customer for any reason. However, we do account for returns of purchase prices if made.

Determination of the Price in Our Sales Contracts

The transaction prices in our sales contract is the amount of consideration we expect to be entitled to for transferring promised hempSMART™ products. The consideration amount is fixed and not variable. The transaction price is allocated to the identified performance obligations in the contract. These allocated amounts are recognized as revenue when or as the performance obligations are fulfilled, which is concurrently upon receipt of payment. There are no future options for a contract when considering and determining the transaction price. We exclude amounts third parties will eventually collect, such as sales tax, when determining the transaction price. Since the timing between receiving consideration and transferring goods or services is immediate, our sales contract do not have a significant financing component, i.e., recognizing revenue at the amount that reflects the cash payment that the customer would have made at the time the goods or services were transferred to them (cash selling price), rather than significantly before or after the goods or services are provided.

Allocation of the Transaction Price of Our Sales Contracts

Our sales contracts are not considered multi-element arrangements which require the fulfillment of multiple performance obligations. Rather, our sales contracts include one performance obligation in each contract. As such, from the outset, we allocate the total consideration to each performance obligation based on the fixed and determinable standalone selling price, which we believe is an accurate representation of what the price is in each transaction.

Recognition of Revenue when the Performance Obligation is Satisfied

A performance obligation is satisfied when or as control of the good or service is transferred to the customer. The standard defines control as “the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.” (ASC 606-10-20). For performance obligations that are fulfilled at a point in time, revenue is recognized at the fulfillment of the performance obligation. As noted above, our single performance obligation sales contracts are singularly related to our promise to provide the hempSMART™ products to the customer upon receipt of payment, which occurs concurrently and when, upon completion, allows us under our revenue recognition policy to realize revenue.

Regarding our offered financial accounting, bookkeeping and/or real property management consulting services, to date no contracts have been entered into, and thus no reportable revenues have resulted for the fiscal years ended 2017 and 2018, or for the quarter ended March 31, 2019.

Product Sales

Revenue from product sales, including delivery fees, is recognized when (1) an order is placed by the customer; (2) the price is fixed and determinable when the order is placed; (3) the customer is required to and concurrently pays for the product upon order; and, (4) the product is shipped. The evaluation of our recognition of revenue after the adoption of FASB ASC 606 did not include any judgments or changes to judgments that affected our reporting of revenues, since our product sales, both pre and post adoption of FASB ASC 606, were evaluated using the same standards as noted above, reflecting revenue recognition upon order, payment and shipment, which all occurs concurrently when the order is placed and paid for by the customer, and the product is shipped. Further, given the facts that (1) our customers exercise discretion in determining the timing of when they place their product order; and, (2) the price negotiated in our product sales is fixed and determinable at the time the customer places the order, and there is no delay in shipment, we are of the opinion that our product sales do not indicate or involve any significant customer financing that would materially change the amount of revenue recognized under the sales transaction, or would otherwise contain a significant financing component for us or the customer under FASB ASC Topic 606.

Consulting Services

We also offer professional services for financial accounting, bookkeeping or real property management consulting services based on consulting agreements. As of the date of this filing, we have not entered into any contracts for any financial accounting, bookkeeping and/or real property management consulting services that have generated reportable revenues as of the years ended 2017 and 2018 or the quarter ended June 30, 2019. We intend and expect these arrangements to be entered into on an hourly fixed fee basis.

For hourly based fixed fee service contracts, we intend to utilize and rely upon the proportional performance method, which recognizes revenue as services are performed. Under this method, in order to determine the amount of revenue to be recognized, we will calculate the amount of completed work in comparison to the total services to be provided under the arrangement or deliverable. We only recognize revenues as we incur and charge billable hours. Because our hourly fees for services are fixed and determinable and are only earned and recognized as revenue upon actual performance, we are of the opinion that such arrangements are not an indicator of a vendor or customer based significant financing, that would materially change the amount of revenue we recognize under the contract or would otherwise contain a significant financing component under FASB ASC Topic 606.

The Company determined that upon adoption of ASC 606 there were no quantitative adjustments converting from ASC 605 to ASC 606 respecting the timing of our revenue recognition because product sales revenue is recognized upon customer order, payment and shipment, which occurs concurrently, and our consulting services offered are fixed and determinable and are only earned and recognized as revenue upon actual performance.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of the Company's stock, stock-based compensation, fair values relating to derivative liabilities, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Cash

The Company considers cash to consist of cash on hand and temporary investments having an original maturity of 90 days or less that are readily convertible into cash.

Concentrations of credit risk

The Company's financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. Occasionally, the Company's cash and cash equivalents in interest-bearing accounts may exceed FDIC insurance limits. The financial stability of these institutions is periodically reviewed by senior management.

Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

Allowance for Doubtful Accounts

Any charges to the allowance for doubtful accounts on accounts receivable are charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the current status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of June 30, 2019, and December 31, 2018, allowance for doubtful accounts was $0.

Inventories

Inventories are stated at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) basis. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. During the periods presented, there were no inventory write-downs.

Cost of sales

Cost of sales is comprised of cost of product sold, packaging, and shipping costs.

Stock Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates until the service is completed. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by the Company in the same expense classifications in the statements of operations, as if such amounts were paid in cash.

Net Loss per Common Share, basic and diluted

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share (“ASC 260-10”). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the “treasury stock” and/or “if converted” methods as applicable.

The computation of basic and diluted income (loss) per share as of June 30, 2019 and 2018 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years.

Investments

The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities ("ASC 321-10) which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes.

As a smaller reporting company, the company is subject to provisions of Rule 8-03(b)(3) of Regulation S-X which requires the disclosure of certain financial information for equity investees that constitute 20% of more of the Company's consolidated net income (loss). For the three months ended June 30, 2019, income allocations from the Company's unconsolidated joint venture Natural Plant Extract accounted for under the equity method, exceed more than 20% of the Company's consolidated net loss.

	Three Months Ended June 30[1]	
	2019	2018
Revenues	374,937	0
Cost of Sales	346,265	0
Gross Margin	28,672	0
Expenses	358,973	0
Net Income	$ (330,301)	$ —
Equity in net loss of unconsolidated joint venture reflected in the accompanying Consolidated Statement of Operations	$ (6,291)	—

(1) Reflects from inception of acquisition April 24, 2019

Natural Plant Extract of California, Inc.

The standalone unaudited financial statements of Natural Plant Extract of California, Inc. for the second quarter ended June 30, 2019 and the year ended December 31, 2018 were as follows:

Summarized Balance Sheet	6/30/2019	12/31/2018
Cash	1,794	1,794
Total Current Assets	2,650,000	—
Total Fixed Assets	155,391	98,282
Notes Receivables	467,264	312,004
TOTAL ASSETS	3,274,449	412,081
Long Term Liabilities	588,190	616,265
Equity	2,686,259	(204,184)
TOTAL LIABILITIES AND EQUITY	3,274,449	412,081
Summarized Income Statement		
Sales	—	—
Total Expenses	(109,557)	204,184
Net Income (Loss)	(109,557)	204,184

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.

Pursuant to the material definitive agreement, the Company agreed to acquire twenty percent (equal to 200,000) of NPE's authorized shares in exchange for Registrant's payment of two million dollars and one million dollars' worth of common stock, or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split. As of the date of this filing, the shares have not been issued. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;

b. Deposit of $250,000 payable within 30 days;

c. Deposit of $400,000 within 60 days;

d. Deposit of $500,000 within 75 days;

e. Deposit of $500,000 within 90 days

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

Derivative Financial Instruments

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other free-standing derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

The Company's free-standing derivatives consisted of conversion options embedded within its issued convertible debt and warrants with anti-dilutive (reset) provisions. The Company evaluated these derivatives to assess their proper classification in the balance sheet using the applicable classification criteria enumerated under GAAP. The Company determined that certain conversion and exercise options do not contain fixed settlement provisions. The convertible notes contain a conversion feature and warrants have a reset provision such that the Company could not ensure it would have adequate authorized shares to meet all possible conversion demands.

As such, the Company was required to record the conversion feature and the reset provision which does not have fixed settlement provisions as liabilities and mark to market all such derivatives to fair value at the end of each reporting period.

The Company has adopted a sequencing policy that reclassifies contracts (from equity to assets or liabilities) with the most recent inception date first. Thus, any available shares are allocated first to contracts with the most recent inception dates.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2019 and December 31, 2018. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and accounts payable.

Fair values were assumed to approximate carrying values for cash, accounts payables and short term notes because they are short term in nature.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations $249,777 and $15,000 for the three months ended June 30, 2019 and 2018 respectively. By comparison, the Company charged to operations $391,116 and $70,745 for the six months ended June 30, 2019 and 2018 respectively.

Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carry forwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of June 30, 2019, and 2018, the Company has not recorded any unrecognized tax benefits.

Segment Information

Accounting Standards Codification subtopic Segment Reporting 280-10 ("ASC 280-10") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein materially represents all of the financial information related to the Company's only material principal operating segment.

The following table represents the Company's hempSMART business, which is its sole operating segment as of June 30, 2019:

hempSMART
STATEMENT OF OPERATIONS
THREE AND SIX MONTHS ENDED JUNE 30, 2019

	hempSMART					
	Three months ended		6 months Ended	Three months ended		6 months Ended
	Mar 31, 2019	June 30, 2019	June 30, 2019	Mar 31, 2018	June 30, 2018	June 30, 2018
Revenues	$ 114,810	$ 208,580	$ 323,390	$ 19,010	$ 28,435	$ 47,445
Cost of Goods Sold	39,878	29,139	69,017	4,372	6,540	10,912
Gross profit	**74,932**	**179,441**	**254,373**	**14,638**	**21,895**	**36,533**
Expenses						
Depreciation expense	1,696	1,696	3,392	1,393	1,524	2,918
Selling and general expenses	580,388	631,482	1,211,870	165,243	189,330	354,573
Total Expenses	**582,084**	**633,178**	**1,215,262**	**166,636**	**190,854**	**357,491**
Net (Loss) from Operations	**$ (507,152)**	**$ (453,737)**	**$ (960,889)**	**$ (151,998)**	**$ (168,959)**	**$ (320,958)**

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires lessees to recognize a lease liability, on a discounted basis, and a right-of-use asset for substantially all leases, as well as additional disclosures regarding leasing arrangements. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted.

We adopted this standard using a modified retrospective approach on January 1, 2019. The modified retrospective approach includes a number of optional practical expedients relating to the identification and classification of leases that commenced before the adoption date; initial direct costs for leases that commenced before the adoption date; and, the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset.

The Company elected the package of practical expedients permitted under ASC 842 allowing it to account for its existing operating lease that commenced before the adoption date as an operating lease under the new guidance without reassessing (i) whether the contract contains a lease; (ii) the classification of the lease; or, (iii) the accounting for indirect costs as defined in ASC 842.

In considering its qualitative disclosure obligations under ASC 842-20-50-3, the Company examined its one lease for office space that has a fixed monthly rent with no variable lease payments and no options to extend. The lease is for an office space with no right of use assets. The lease does not provide for terms and conditions granting residual value guarantees by the Company, or any restrictions or covenants imposed by the lease for dividends or incurring additional financial obligations by the Company. The Company also elected a short-term lease exception policy and an accounting policy to not separate non-lease components from lease components for our facility lease, as we determined our right of use asset to be zero.

Consistent with ASC 842-20-50-4, for the Company's June 30, 2019, quarterly financial statements, the Company calculated its total lease cost based solely on its monthly rent obligation. The Company had no cash flows arising from its lease, no finance lease cost, short term lease cost, or variable lease costs. Our office lease does not produce any sublease income, or any net gain or loss recognized from sale and leaseback transactions. As a result, the Company did not need to segregate amounts between finance and operating leases for cash paid for amounts included in the measurement of lease liabilities, segregated between operating and financing cash flows; supplemental non-cash information on lease liabilities arising from obtaining right-of-use assets; weighted-average calculations for the remaining lease term; or the weighted-average discount rate.

The adoption of this guidance resulted in no significant impact to our results of operations or cash flows.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed (See Note 11, Subsequent Events).

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 and December 31, 2018 is summarized as follows:

	June 30, 2019	December 31, 2018
Computer equipment	$ 17,809	$ 15,207
Furniture and fixtures	5,140	5,140
Subtotal	22,949	20,347
Less accumulated depreciation	(11,207)	(7,917)
Property and equipment, net	$ 11,742	$ 12,430

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Depreciation expense was $1,695 and $3,391 for the three and six months ended June 30, 2019; and $1,525 and $2,918 for the three and six months ended June 30, 2018, respectively.

NOTE 5 – INVESTMENTS

MoneyTrac

On March 13, 2017, the Company entered into a stock purchase agreement to acquire up to 150 ,0 00,000 common shares of MoneyTrac Technology, Inc., a corporation organized and operating under the laws of the state of California, for a total purchase price of $250,000 representing approximately 15% ownership at the time of the agreement. As of December 31, 2017, the Company had acquired 15 0, 000,000 common shares for $250,000 representing approximately 15% ownership. In connection with the investment, Donald Steinberg, the Company's President and Chief Executive Officer and Director, was appointed as a board member to MoneyTrac.

The Company accounts for its investment in MoneyTrac Technology, Inc. at estimated market fair value using the market price for the publicly traded shares under the ticker symbol "GOHE" as listed on OTC Markets as an indicator of fair market value. As of June 30, 2019, and December 31, 2018, the balance of this investment was $525,000 and $810,000 and was classified as a short-term investment.

On July 19, 2019, MoneyTrac completed a 1:100 reverse split of its common stock, which reduced the number of shares beneficially owned by the Company to 1,500,000 shares.

Benihemp

On June 16, 2017, the Company entered into a Loan Agreement ("Agreement") with Conveniant Hemp Mart, LLC ("Benihemp"), a limited liability company formed and operating under the laws of the State of Wyoming. Pursuant to the Agreement, Benihemp executed a promissory note for a principal loan amount of $50,000, accruing interest at the rate of 4% per annum and payable in one year, subject to one-time six- month repayment extension. The Agreement also provided that the Company shall have the option to waive repayment of the note and pay Benihemp an additional $50,000 payment in exchange for a 25% membership interest in Benihemp's limited liability company. As of December 31, 2018, the balance of this investment reported on the balance sheet for the year ended December 31, 2018 was $0.00 as a result of the investment being deemed fully impaired.

Global Hemp Group Joint Ventures

We currently have two ongoing joint ventures with Global Hemp Group, Inc., a Canadian corporation. Each is a related party transaction in that Global Hemp Group's director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company. Further, our President and Chief Executive Officer Donald Steinberg is a shareholder in Global Hemp Group. The two Global Hemp Group joint ventures are discussed together due to the common ownership of the joint venture partners in each project, and the fact that both joint ventures share a common purpose of growing, cultivating and performing research and development of industrial hemp.

Global Hemp Group New Brunswick Joint Venture

On August 31, 2017, the Company entered into a Joint Venture Agreement ("Agreement") with Global Hemp Group, Inc., a Canadian corporation ("Global Hemp Group"). The Company will assist Global Hemp Group in developing commercial hemp production in New Brunswick, Canada. In the first year of the Agreement, the Company will share the costs of the ongoing hemp trial in New Brunswick; provide its expertise in developing hemp cultivation going forward; and, be granted a right of first refusal as Global Hemp Group's primary off-taker of any raw materials produced from the project. The Company's joint venture partner, Global Hemp Group, also partnered with Collège Communautaire du Nouveau Brunswick (CCNB) in Bathurst, New Brunswick, to assist in conducting research with the hemp trials. The trials are taking place on the Acadian peninsula of New Brunswick, and the initial trials to establish commercial cultivation pursuant to the Agreement are expected to be completed during 2019.

Global Hemp Group JV – Scio Oregon

On May 8, 2018, the Company, Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation entered into a Joint Venture Agreement. The purpose of the joint venture is to develop a project to commercialize the cultivation of industrial hemp on a 109 acre parcel of real property owned by the Company and Global Hemp Group in Scio, Oregon, and operating under the Oregon corporation Covered Bridges, Ltd. The joint venture is in the development stage. On May 30, 2018, the joint venture purchased TTO's 15% interest in the joint venture for $30,000. The Company and Global Hemp Group, Inc. now have an equal 50-50 interest in the joint venture. The joint venture agreement commits the Company to a cash contribution of $600,000 payable on the following funding schedule: $200,000 upon execution of the joint venture agreement; $238,780 by July 31, 2018; $126,445 by October 31, 2018; and, $34,775 by January 31, 2019. The Company has complied with its payments. The 2018 crop of hemp grown on the joint venture's real property consisted of 33 acres of high yielding CBD hemp grown in an orchard style cultivation on the property. The 2018 harvest consisted of approximately 37,000 high yielding CBD hemp plants producing 24 tons of biomass that produced 48,000 pounds of dried biomass. The joint venture partners prepared processing samples ranging in size from 100 lbs. to 2,000 lbs. for sample offers to extraction companies. The biomass is being processed into CBD crude oil with the option to refine it further into isolate, or full spectrum oil, in order to increase its value on the market. Results from the current extraction test batches were received in May, 2019 and will serve as a basis for the final terms of the sale of the biomass by the Partners. In August of 2019, the JV sold 10,000 lbs. of shucked biomass to an Oregon extraction facility for US$400,000. The JV team is currently working with this party and a number of others to complete the purchase of the remaining inventory.

Bougainville Ventures, Inc. Joint Venture

On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than $1 million dollars to fund joint venture operations based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry.

Bougainville represented that it had an ownership interest in real property located in Washington State used for growing cannabis, and possessed information primarily related to the management and control of cannabis grow operations as conducted in Washington State that included research, development and know how in the cannabis industry. Bougainville also represented that it had an agreement with a I502 Tier 3 license holder in Washington State to operate on the land. The Company and Bougainville's agreement provided that funding provided by the Company would go, in part, towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment to $800,000 and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land. The land is currently pending the payment of delinquent property taxes that would allow for the Okanogan County Assessor to sub-divide the property, so that the appropriate portion could be deeded to the joint venture. Although Bougainville represented it would pay the delinquent taxes, it has not. To date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company also offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville in good faith to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of funds contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, on September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the Company, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property. The case is currently in litigation.

In connection with the agreement, the Company recorded a cash investment of $1,188,500 to the Joint Venture during 2017. This was comprised of 49.5% ownership of BV-MCOA Management LLC, and was accounted for using the equity method of accounting. The Company recorded an annual impairment in 2017 of $792,500, reflecting the Company's percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of $37,673 and $11,043 for the first and second quarters respectively, and recorded an annual impairment of $285,986 for the year ended December 31, 2018, at which time the Company determined the investment to be fully impaired . The Company was able to obtain general loans from St. George Investments LLC, not specific to any of the company's joint ventures. Therefore, accordingly, the impairment of this investment did not create any defaults to the loan agreements and covenants. The loan agreement established the lender's option to convert the loans to common shares of the Company.

The Company determined the investment impaired due to Bougainville's breach of contract, including: (i) its failure to communicate and cooperate regarding the Company's audit; (ii) its misrepresentations concerning its ownership interest in the real property in Okanogan County Washington; (iii) its failure to deed the property to the joint venture within thirty days of payment pursuant to the amended joint venture agreement; and, (iv) its misrepresentation that it possessed an agreement with a Tier 3 license holder to operate on the property.

GateC Joint Venture

On March 17, 2017, the Company and GateC Research, Inc. ("GateC") entered into a Joint Venture Agreement ("Agreement") whereby the Company committed to raise up to one and one-half million dollars ($1,500,000) over a six-month period, with a minimum commitment of five hundred thousand dollars ($500,000) within a three (3) month period; and, information establishing brands and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies, including but not limited to its affiliate marketing program, directly tailored to the cannabis industry.

GateC agreed to contribute its management and control services and systems related to cannabis grow operations in Adelanto County, California, and its permit to grow marijuana in an approved zone in Adelanto, California. GateC did not own a physical site for its operation in Adelanto County, California, and GateC's permit to grow cannabis did not contain a conditional use permit.

On or about November 28, 2017, GateC and the Registrant orally agreed to suspend the Company's funding commitment, pending the finalization of California State regulations governing the growth, cultivation and distribution of cannabis, which were expected to be completed in 2018.

On March 19, 2018, the Company and GateC rescinded the Agreement and concurrently released each other from any all any and all losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, injuries, suits, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, that they may have against each other and their Affiliates, arising out of the Agreement.

The Registrant incurred no termination penalties as the result of its entry into the Recession and Mutual Release Agreement.

In 2017, the Company recorded a debt obligation of $1,500,000 to the Joint Venture and a corresponding impairment charge of $1,500,000 during for year ended December 31, 2017. Upon termination of the material definitive agreement on March 19, 2018, the Company realized a gain on settlement of debt obligation of $1,500,000 during the six months ended June 30, 2018.

Natural Plant Extract ("NPE")

Pursuant to a material definitive agreement, the Company agreed to acquire twenty percent of NPE's authorized shares, totaling 200,000 shares, in exchange for Registrant's payment of $2,000,000 (two million dollars) and $1,000,000 worth or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split. As of the date of this filing, the shares have not been issued. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;
b. Deposit of $250,000 payable within 30 days;
c. Deposit of $400,000 within 60 days;
d. Deposit of $500,000 within 75 days;
e. Deposit of $500,000 within 90 days.'

The Company accounted this transaction as an investment and a liability - "debt obligation of Joint Venture". The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities ("ASC 321-10) which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes.

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

The standalone unaudited financial statements of Natural Plant Extract of California, Inc. for the second quarter ended June 30, 2019 and the year ended December 31, 2018 were as follows:

Summarized Balance Sheet	6/30/2019	12/31/2018
Cash	1,794	1,794
Total Current Assets	2,650,000	—
Total Fixed Assets	155,391	98,282
Notes Receivables	467,264	312,004
TOTAL ASSETS	3,274,449	412,081
Long Term Liabilities	588,190	616,265
Equity	2,686,259	(204,184)
TOTAL LIABILITIES AND EQUITY	3,274,449	412,081
Summarized Income Statement		
Sales	—	—
Total Expenses	(109,557)	204,184
Net Income (Loss)	(109,557)	204,184

MARIJUANA COMPANY OF AMERICA, INC.

INVESTMENT ROLL-FORWARD

AS OF JUNE 30, 2019

		INVESTMENTS						
	TOTAL INVESTMENTS	**Global Hemp Group**	**Benihemp**	**MoneyTrac**	**Bougainville Ventues, Inc.**	**Gate C Research Inc.**	**Natural Plant Extract**	**Vivabuds**
Beginning balance @12-31-16	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0	0
Investments made during 2017	3,049,275	10,775	100,000	250,000	1,188,500	1,500,000		
Quarter 03-31-17 equity method Loss	0							
Quarter 06-30-17 equity method Loss	0							
Quarter 09-30-17 equity method Loss	(375,000)				(375,000)			
Quarter 12-31-17 equity method accounting	313,702				313,702			
Impairment of Investment in 2017	(2,292,500)	0			(792,500)	(1,500,000)		
Balances as of 12/31/17	**695,477**	**10,775**	**100,000**	**250,000**	**334,702**	**0**	**0**	**0**
Investments made during 2018	986,654	986,654						
Quarter 03-31-18 equity method Loss	(37,673)				(37,673)			
Quarter 06-30-18 equity method Loss	(11,043)				(11,043)			
Quarter 09-30-18 equity method Loss	(10,422)		(10,422)					
Quarter 12-31-18 equity method Loss	(31,721)	(31,721)	0					
Moneytrac investment reclassified to Short-Term investments	(250,000)			(250,000)				

Unrealized gains on trading securities - 2018	0							
Impairment of investment in 2018	(933,195)	(557,631)	(89,578)		(285,986)			
Balance @12-31-18	**$ 408,077**	**$ 408,077**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Investments made during quarter ended 03-31-19	129,040	129,040						
Quarter 03-31-19 equity method Loss	(59,541)	(59,541)						
Unrealized gains on trading securities - quarter ended 03-31-19								
Balance @03-31-19	**$ 477,576**	**$ 477,576**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Investments made during quarter ended 06-30-19	**$ 3,157,234**	$ 83,646					$ 3,000,000	$ 73,588
Quarter 06-30-19 equity method Income (Loss)	**$ (171,284)**	$ (141,870)					$ (6,291)	$ (23,123)
Unrealized gains on trading securities - quarter ended 06-30-19	**$ 0**							
Balance @06-30-19	**$ 3,463,526**	**$ 419,352**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 2,993,709**	**$ 50,465**

MARIJUANA COMPANY OF AMERICA, INC.

INVESTMENT RELATED DEBT ROLL-FORWARD

AS OF JUNE 30, 2019

	Loan Payable								
	TOTAL JV Debt	Global Hemp Group	Benihemp	MoneyTrac	Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant Extract	Vivabuds	General Operating Expense
Beginning balance @12-31-16	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0			$ 0
Quarter 03-31-17 loan borrowings	1,500,000					1,500,000			
Quarter 06-30-17 loan activity									
Quarter 09-30-17 loan borrowings	725,000				725,000				
Quarter 12-31-17 loan repayments	(330,445)				(330,445)				
General operational expense	172,856								172,856
Balances as of 12/31/17 (a)	**2,067,411**	**0**	**0**	**0**	**394,555**	**1,500,000**			**172,856**
Quarter 03-31-18 loan borrowings (payments)	376,472	447,430							(70,958)
Quarter 06-30-18 cancellation of JV debt obligation	(1,500,000)					(1,500,000)			
Quarter 06-30-18 loan repayments	(101,898)								(101,898)
Quarter 09-30-18 loan activity	0								
Quarter 12-31-18 loan borrowings	580,425	580,425							
Balance @12-31-18 (b)	**$ 1,422,410**	**$ 1,027,855**	**$ 0**	**$ 0**	**$ 394,555**	**$ 0**			**$ 0**
Quarter 03-31-19 loan borrowings	649,575	649,575							
Quarter 03-31-19 debt conversion to equity	(407,192)	(407,192)							
Balance @03-31-19(c)	**$ 1,664,793**	**$ 1,270,238**	**$ 0**	**$ 0**	**$ 394,555**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Quarter 06-30-19 loan borrowings	3,836,220	$ 161,220					$ 2,000,000	$ 0	$ 1,675,000
Quarter 06-30-19 debt conversion to equity	(1,572,971)	$ (161,220)					$ (349,650)		$ (1,062,101)

Balance @06-30-19(d)	**$ 3,928,042**	**$ 1,270,238**	**$ 0**	**$ 0**	**$ 394,555**	**$ 0**	**$ 1,650,350**	**$ 0**	**$ 612,899**

This includes balances for:	06-30-19 Note (d)	03-31-19 Note (c)	12-31-18 Note (b)	12-31-17 Note (a)
- Debt obligation of JV	1,778,872	128,522	289,742	1,500,000
- Convertible NP, net of discount	2,149,170	1,536,271	1,132,668	394,555
- Longterm debt	0	0	0	172,856
Total Debt balance	**3,928,042**	**1,664,793**	**1,422,410**	**2,067,411**

Concerning our $1.675,000 million of investment loans for general operation for the quarter ended June 30, 2019, the Company accounted these transactions as an investment and a liability - “debt obligation of Joint Venture”. The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities (“ASC 321-10) which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes.

The $1,675,000 loans from St. George’s Investment LLC for the 2nd quarter ended June 30, 2019 were used in payment of the following expenses:

o VivaBuds Joint Venture $285,000
o Global Hemp Group JV $ 83,646
o Advertising expenses $249,777
o Hempsmart sales Commissions $440,648
o Marketing expenses $583,145
o Other general operating expenses $ 32,784
• TOTAL LOANS $1,675,000

NOTE 6 – NOTES PAYABLE, RELATED PARTY

As of June 30, 2019, and December 31, 2018, the Company's officers and directors have provided advances and incurred expenses on behalf of the Company. The issued notes are unsecured, due on demand and bear 5% interest. At June 30, 2019 and December 31, 2018, there were an aggregate of $71,553 and $287,140 notes payable due to officers.

During the six months ended June 30, 2019, the Company issued an aggregate of 1,220,856 shares of its common stock in settlement of outstanding related party notes of $1,732,514.

NOTE 7 – CONVERTIBLE NOTE PAYABLE

Convertible notes payable are comprised of the following:

	June 30, 2019	December 31, 2018
Convertible note payable-John Fife, last due October 27, 2018	$ —	$ 150,959
Convertible notes payable-St George-last due January 24, 2020	3,222,890	1,877,890
Total	3,222,890	2,028,849
Less debt discounts	(1,073,720)	(896,180)
Net	2,149,170	1,132,669
Less current portion	2,149170	(1,132,669)
Long term portion	$ —	$ —

Convertible notes payable-St George Investments

Effective November 1, 2017, the Company issued a secured convertible promissory note in aggregate amount of $601,420 to St George Investments LLC ("St George"). The promissory note bears interest at 10% per annum, is due upon maturity sixteen months after the purchase price date and includes an original issue discount ("OID") of $59,220. The promissory note was funded on November 11, 2017 of $542,200; net of OID and transaction costs. As of June 30, 2019, the Company owed $417,890 on this convertible promissory note.

Effective December 20, 2017, the Company issued a secured convertible promissory note in aggregate of $1,655,000 to St George Investments LLC ("St George"). The promissory note bears interest at 10% per annum, is due upon maturity sixteen months after purchase price date and includes an original issue discount ("OID") of $155,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. The promissory note was funded in nine tranches of $300,000; $200,000; $200,000; $400,000; $75,000; $150,000; $85,000; $120,000 and $70,000, resulting in receiving aggregate net proceeds of $1,500,000. The Company had received aggregate net proceeds of $300,000 during the year ended December 31, 2017 with the remaining tranches received during the year ended December 31, 2018. As an investment incentive, the Company issued 66,000,000 5-year warrants, exercisable at $.04 with certain reset provisions.

The promissory notes are convertible, at any time at the lender's option, at $0.04. However, in the event the Company's market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 20% prepayment premium and is secured by a trust deed of certain assets of the Company.

During the six months ended June 30, 2019, $525,000 of principal along with $395,572 of derivative liabilities valued as of the respective conversion dates were converted into 77,363,636 shares of common stock.

On November 5, 2018, $250,000 of principal and accrued interest was assigned to John Fife as an individual with all the terms and conditions of the original note issued to St George. On March 21, 2019, $150,959 of principal and $4,963 of accrued interest along with $160,454 of derivative liabilities valued as of the respective conversion date were converted into 23,667,574 shares of common stock.

Effective August 28, 2018, the Company issued a secured convertible promissory note in aggregate of $1,105,000 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity ten months after purchase price date and includes an original issue discount (“OID”) of $100,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. During the year ended December 31, 2018, the promissory note was funded in seven tranches totaling aggregate net proceeds of $825,000. As an investment incentive, the Company issued 45,000,000 5 year warrants, exercisable at $.04 with certain reset provisions.

The promissory note is convertible, at any time at the lender’s option, at $0.04. However, in the event the Company’s market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 15% prepayment premium and is secured by a trust deed of certain assets of the Company.

During the six months ended June 30, 2019, an additional $135,000 was funded under this note for net proceeds of $125,000. The aggregate fair value of $1,588,493 of the issued warrants was allocated to this funding based on the funding’s percentage of the $1,105,000 face value. The determined fair value of warrants issued was then allocated between the debt instrument and warrants based on their relative fair values. The portion of the proceeds allocated to the warrants has been added to the debt discount, included in additional paid in capital and amortized over the life of the debt.

At the funding date of the eight tranches of this note, the Company determined an aggregate fair value of the embedded derivatives on the total outstanding balance of this note of $1,180,646. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 112.4%, (3) weighted average risk-free interest rate of 2.54%, (4) expected life of .481 years, and (5) estimated fair value of the Company's common stock from $.018 per share. The determined aggregate fair value of the debt derivatives was adjusted with a $36,343 reduction of interest expense during the six months ending June 30, 2019.

Effective January 29, 2019, the Company issued a secured convertible promissory note in aggregate of $2,205,000 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity ten months after the purchase price date and includes an original issue discount (“OID”) of $200,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. During the six months ended June 30, 2019, the promissory note was funded in six tranches totaling $1,155,000 resulting in receiving aggregate net proceeds of $1,050,000 under this note. The net proceeds received consisted of $888,780 in cash and $161,220 in payments on behalf of the Company. As an investment incentive, the Company issued 90,000,000 5-year warrants, exercisable at $.04 with certain reset provisions.

The promissory note is convertible, at any time at the lender’s option, at $0.04. However, in the event the Company’s market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 15% prepayment premium and is secured by a trust deed of certain assets of the Company.

Additionally, at the date of issuance, the Company determined the aggregate fair value of the issued warrants at $999,838. The fair value of the warrants were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 109.63%, (3) weighted average risk-free interest rate of 2.55%, (4) expected life of 5.00 years, and (5) estimated fair value of the Company's common stock of $0.0162 per share. The aggregate fair value of the issued warrants is allocated to each funding based on the funding’s percentage of the aggregate warrant face value. The determined fair value of warrants issued was then allocated between the debt instrument and warrants based on their relative fair values. The portion of the proceeds allocated to the warrants has been added to the debt discount, included in additional paid in capital and amortized over the life of the debt. During the six months ended June 30, 2019, the portion of proceeds allocated to warrants totaled $349,247.

At the funding dates of the notes, the Company determined an aggregate fair value of $44,898 of the embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 105.68% to 109.79%, (3) weighted average risk-free interest rate of 2.31% to 2.53%, (4) expected life of .681 to .836 years, and (5) estimated fair value of the Company's common stock from $.0123 to $.0163 per share. The determined fair value of the debt derivatives was charged as a debt discount up to the net proceeds of the note.

Effective March 25, 2019, the Company issued a secured convertible promissory note in aggregate of $580,000 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity ten months after the purchase price date and includes an original issue discount (“OID”) of $75,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. During the six months ended June 30, 2019, the promissory note was funded in the amount of $580,000 resulting in receiving aggregate net proceeds of $500,000 under this note. As an investment incentive, the Company issued 22,500,000 5-year warrants, exercisable at $.04 with certain reset provisions.

The promissory note is convertible, at any time at the lender’s option, at $0.04. However, in the event the Company’s market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 15% prepayment premium and is secured by a trust deed of certain assets of the Company.

Additionally, at the date of issuance, the Company determined the aggregate fair value of the issued warrants at $258,701. The fair value of the warrants were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 108.20%, (3) weighted average risk-free interest rate of 2.21%, (4) expected life of 5.00 years, and (5) estimated fair value of the Company's common stock of $0.0169 per share. The determined fair value of warrants issued was allocated between the debt instrument and warrants based on their relative fair values. The portion of the proceeds allocated to the warrants has been added to the debt discount, included in additional paid in capital and amortized over the life of the debt. During the six months ended June 30, 2019, the portion of proceeds allocated to warrants totaled $170,489.

At the funding dates of the notes, the Company determined an aggregate fair value of $233,477 of the embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 108.85%, (3) weighted average risk-free interest rate of 2.48%, (4) expected life of .836 years, and (5) estimated fair value of the Company's common stock from $.0169 per share. The determined fair value of the debt derivatives was charged as a debt discount up to the net proceeds of the note.

Summary:

The Company has identified the embedded derivatives related to the above described notes and warrants. These embedded derivatives included certain conversion and reset features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the note and to fair value as of each subsequent reporting date.

At June 30, 2019, the Company determined the aggregate fair values of $2,211,570 of embedded derivatives. The fair values were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 104.18%, (3) weighted average risk-free interest rate of 2.18%, (4) expected life of 0.250 to .817 years, and (5) estimated fair value of the Company's common stock from $0.0103 per share.

For the three months ended June 30, 2019, the Company recorded a gain on change in fair value of derivative liabilities of $2,207,299 and recorded amortization of debt discounts of $813,112 as a charge to interest expense, respectively. For the six months ended June 30, 2019, the Company recorded a loss on change in fair value of derivative liabilities of $480,150 and recorded amortization of debt discounts of $1,308,550 as a charge to interest expense, respectively.

NOTE 8 – STOCKHOLDERS’ DEFICIT

Preferred stock

The Company is authorized to issue 50,000,000 shares of $0.001 par value preferred stock as of June 30, 2019 and December 31, 2018. As of June 30, 2019, and December 31, 2018, the Company has designated and issued 10,000,000 shares of Class A Preferred Stock.

Each share of Class A Preferred Stock is entitled to 100 votes on all matters submitted to a vote to the stockholders of the Company, does not have conversion, dividend or distribution upon liquidation rights.

Common stock

The Company is authorized to issue 5,000,000,000 shares of $0.001 par value common stock as of June 30, 2019 and December 31, 2018. As of June 30, 2019, and December 31, 2018, the Company had 47,314,625 and 42,687,301, respectively, common shares issued and outstanding.

During the six months ended June 30, 2019, the Company issued an aggregate of 535,387 shares of its common stock for services rendered with an estimated fair value of $152,082.

During the six months ended June 30, 2019, the Company issued an aggregate of 1,220,856 shares of its common stock, in settlement of outstanding related party notes payable, and in addition, common stock to be issued of 1,173,709 for a total aggregate value of $1,732,514.

During the six months ended June 30, 2019, the Company issued 1,683,854 shares of its common stock in settlement of convertible notes payable, accrued interest and embedded derivative liabilities of $1,988,976.

During the six months ended June 30, 2019, the company issued 655,556 shares of its common stock in exchange for exercise of warrants on a cashless basis with an aggregate value of $16,072.

During the six months ended June 30, 2019, the Company sold an aggregate of 531,671 shares of its common stock for net proceeds of $130,553.

Warrants

The following table summarizes the stock warrant activity for the six months ended June 30, 2019:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2019	1,847,447	$ 0.0007	0.0697	$ 25,500
Granted	1,919,444	0.0003	0.0762	267
Exercised	(192,521)	(0.0003)	(0.0425)	1,200
Outstanding at June 30, 2019	3,574,370	$ 0.0007	0.1034	$ 300
Exercisable at June 30, 2019	3,574,370	$ 0.0007	0.1034	$ 300

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than the Company's stock price of $0.0001 as of June 30, 2019, and after the effect of the reverse stock split, which would have been received by the option holders had those option holders exercised their options as of that date.

The following table presents information related to warrants at June 30, 2019:

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 0.0007	3,574,371	4.19	3,574,371

In connection with the issuance of convertible notes payable, the Company issued an aggregate of 1,875,000 warrants to purchase the Company's common stock at $0.0007 per share, vesting immediately and expiring 5 years from the date of issuance. (See Note 6)

NOTE 9 — FAIR VALUE MEASUREMENT

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") on January 1, 2008. ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Upon adoption of ASC 825-10, there was no cumulative effect adjustment to beginning retained earnings and no impact on the financial statements.

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings (including convertible notes payable), and other current assets and liabilities approximate fair value because of their short-term maturity.

As of June 30, 2019, and December 31, 2018, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in note 6. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Note 6 are that of volatility and market price of the underlying common stock of the Company.

As of June 30, 2019, and December 31, 2018, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of June 30, 2019 and December 31, 2018, in the amount of $2,211,570 and $2,256,631, respectively, have a level 3 classification.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the six months ended June 30, 2019:

		Debt Derivative
Balance, January 1, 2019	$	2,256,631
Total (gains) losses		
Initial fair value of debt derivative at note issuance		692,574
Mark-to-market at June 30, 2019:		(480,150)
Transfers out of Level 3 upon conversion or payoff of notes payable		(257,485)
Balance, June 30, 2019	$	2,211,570
Net (loss) for the period included in earnings relating to the liabilities held during the period ended June 30, 2019	$	(480,150)

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the period ended June 30, 2019, the Company's stock price decreased significantly from initial valuations. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases. Stock price is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments.

NOTE 10 — RELATED PARTY TRANSACTIONS

The Company's current officers and stockholders advanced funds to the Company for travel related and working capital purposes. As of June 30, 2019, and December 31, 2018, there were no related party advances outstanding.

As of June 30, 2019, and December 31, 2018, accrued compensation due officers and executives included as accrued compensation was $180,000 and $454,316, respectively.

At June 30, 2019 and December 31, 2018, there were an aggregate of $71,553 and $287,140 notes payable due to officers. The notes are at 5% per annum and non-interest bearing, respectively, and are due on demand.

During the six months ended June 30, 2019, the Company issued an aggregate of 1,220,856 shares of its common stock in settlement of outstanding related party notes payable, and in addition common stock to be issued of 1,173,709 shares for a total aggregate value of $1,732,514.

On August 31, 2017, the Company entered into a joint venture agreement with Global Hemp Group, Inc., a Canadian corporation. The Company's Director, Charles Larsen, is the President, Director and shareholder of Global Hemp Group, Inc. The Company's Director, President and Chief Executive Officer, Donald Steinberg, is a shareholder of Global Hemp Group, Inc. The Company's prior Chief Financial Officer, Robert L. Hymers, III, is a shareholder of Global Hemp Group, Inc. Mr. Hymers resigned as CFO and Director of the Company on June 18, 2018.

On May 8, 2018, the Company entered into a joint venture agreement with Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation. The Company's Director, Charles Larsen, is the President, Director and shareholder of Global Hemp Group, Inc. The Company's Director, President and Chief Executive Officer, Donald Steinberg, is a shareholder of Global Hemp Group, Inc. The Company's prior Chief Financial Officer, Robert L. Hymers, III, is a shareholder of Global Hemp Group, Inc.

The joint venture will operate and has acquired a 109 acre agricultural property in Scio, Oregon (the "Property") for the cultivation of high CBD yielding hemp for the upcoming 2018 growing season. The joint venture acquired the property on May 1, 2018. The total capital commitment for the project will be $1,380,000. The Company's portion of the capital commitment is to raise $600,000 based upon the following funding schedule: $200,000 upon execution of this Agreement; $238,780 on or before July 31, 2018; $126,445 on or before October 31, 2018; and $34,775 on or before January 31, 2019. As of June 30, 2019, $200,000 has been funded.

NOTE 11 – SUBSEQUENT EVENTS

Reverse Stock Split

On July 3, 2019, the Company filed Form 8-K disclosing the July 1, 2019 special meeting of the stockholders holding a majority of the shares eligible to vote, and their approval by written consent of an amendment to the Company's articles of incorporation to affect a sixty for one reverse stock split of the Company's issued and outstanding common stock. The reverse stock split affects all issued and outstanding shares of the Company's common stock. The par value of the Company's common stock will remain unchanged at $0.001 per share after the reverse stock split. The reverse stock split does not affect the Company's authorized or issued preferred stock. The reverse stock split affects all common stockholders uniformly and will not alter any common stockholder's percentage interest in the Company's equity. No fractional shares will be issued in connection with the reverse split. Common stockholders who would otherwise be entitled to receive a fractional share will instead receive one additional share. The Company filed Form 14C Preliminary Information Statement on July 31, 2019. In response to comments from the Commission, the Company will be filing an amendment to its 14C Preliminary Information Statement to address comments. FINRA has approved the reverse split. The Company expects to issue a press release and Form 8-K upon clearance by the SEC and the assignment of an effective date for the reverse split.

Termination of Essence Farms, LLC Non-Binding Letter of Intent.

On August 12, 2019, the Company and Essence Farms, LLC terminated their non-binding letter of intent entered into on May 7, 2019. As previously disclosed in the Company's March 31, 2019 Form 10-Q/A-2 filed on August 2, 2019, the Company and Essence entered into a non-binding letter of intent to form a joint venture called Riverside Hemp Project, to operate farming operations in California for the purpose of growing, cultivating, and harvesting legal industrial hemp for sale. The joint venture was contingent upon completion of due diligence and the entry into a material definitive agreement. The Company determined that it was not an exercise of prudent business judgment to move forward with the project. The Company did not incur any costs, penalties or associated fees with the termination of the non-binding letter of intent.

Amendment to Unicast Equities Material Definitive Agreement.

On August 6, 2019, the Company announced an amendment to its material definitive agreement, disclosed May 3, 2019 on Form 8-K, with Unicast Equities, LLC.

On May 1, 2019, the Company entered into a material definitive agreement with Unicast Equities, LLC to obtain a listing on the Vienna Direct Multilateral Trading Facility ("MTF") for hempSMART, Ltd., a UK corporation and the Registrant's wholly owned subsidiary, through a Luxembourg based holding company. Unicast agreed to provide consulting and advisory services to help the Registrant apply for a listing on the Vienna Stock Exchange. Unicast agreed to advise the Registrant in the creation of a Luxembourg domiciled holding company which will serve as a listing vehicle for hempSMART, Ltd. Unicast also agreed to advise us on regulatory and compliance matters.

The original contract required the Registrant make an initial $50,000 payment to Unicast which the Registrant paid, and an additional $40,000 payment within thirty days of the contract date of May 1, 2019, which the Registrant failed to pay, and the Registrant was in breach of the contract. The Company and Unicast and Grantchester thereafter entered into negotiations to amend and restructure payment for the engagement.

As amended, the Parties elected to cancel the Registrant's previous contractual obligations to make cash payments, and instead, the Registrant entered into a direct agreement with Grantchester Equity, Ltd., a Company Unicast had subcontracted with to provide the Services under the original Agreement. Under this new Agreement the Registrant agreed to issue to Grantchester and/or its assignees, twenty percent (20%) of the total issued and outstanding shares in the entity slated to be issued on the foreign exchange. Grantchester and its contractors and affiliates agreed to pay for all listing fees, corporate formation fees, accounting fees, legal fees, Information Memorandum drafting fees and application fees. The Registrant agreed and acknowledged, that aside from its issuance of 20% of the listing entities equity, to contribute such other assets as may be required, including the Registrant's equity, such that the listing entity's capitalized shareholder equity is valued at no less than €100,000.

VivaBuds Launch

On August 8, 2019, the Company announced its launch of Viva Buds, its premium cannabis delivery service, which will initially deliver cannabis to the San Fernando Valley, located in Los Angeles, California. As previously disclosed on Form 8-K on April 17, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions. Factors that could cause differences include, but are not limited to, expected market demand for our products, fluctuations in pricing for materials, and competition.

Business Overview

Plan of Operations – Marijuana Company of America and subsidiaries is a publicly listed company quoted on the OTCQB trading tier under the symbol "MCOA". We are based in Escondido, California. Our business plan and operation focuses in part on the development, manufacturing, marketing and sale of non-psychoactive industrial hemp, and hemp-derived consumer products containing CBD. Our business includes the research and development of (1) varieties of various species of hemp; (2) beneficial uses of hemp and hemp derivatives; (3) indoor and outdoor cultivation methods for hemp; (4) technology used for cultivation and harvesting of different species of hemp, including but not limited to lighting, venting, irrigation, hydroponics, nutrients and soil; (5) different industrial hemp derived CBD, and the possible health benefits thereof; and, (6) new and improved methods of hemp CBD extraction omitting or eliminating the delta-9 tetrahydrocannabinol "THC" molecule. The Company operates two distinct and separate business divisions related to its two wholly owned subsidiaries, H Smart, Inc. and MCOA CA, Inc.

Through our wholly owned subsidiary H Smart, Inc., we develop consumer products that include industrial hemp derived, non-psychoactive CBD as an ingredient, under the brand name "hempSMART™. Our industrial hemp-based products are specifically developed with an enriched CBD molecular composition with a THC concentration of three-tenths of one percent or less by dry weight. We market and sell our hempSMART ™ products directly through our web site, and through our affiliate marketing program, where qualified sales affiliates use a secure multi-level-marketing sales software program that facilitates order placement over the internet via a web site, and accounts for affiliate orders and sales; calculates referral benefits apportionable to specific sales associates, and calculates and accounts for loyalty and rewards benefits for returning customers. We also retained a full-service marketing company that uses a multi-channel transactional marketing campaign focused on digital advertising, infographics, content marketing, customer incentives and acquisition, a broad social media presence, as well as search engine marketing and optimization that includes comprehensive research and analytics and order fulfillment in order to boost direct sales.

Our business also includes making selected investments in other related new businesses. Currently, we have made investments in startup ventures, including:

Conveniant Hemp Mart, LLC; Conveniant (sic) Hemp Mart, LLC, or "Benihemp," is a Wyoming limited liability company whose business plan includes the development, manufacture and sale of consumer products containing CBD that are intended for marketing and sales at convenience stores, gas stations and markets. On July 19, 2017, we agreed to lend fifty thousand dollars ($50,000) to Conveniant based on a promissory note. The note provided that in lieu of receiving repayment, we could elect to exercise a right to convert the loaned amount into a payment towards the purchase of a 25% interest in Conveniant, subject to our payment of an additional fifty thousand dollars $50,000 equaling a total purchase price of $100,000. The Company exercised this option on November 20, 2017 and made payment to Conveniant on November 21, 2017. Conveniant developed a line of consumer products containing industrial hemp derived CBD with no traceable THC content. The product line includes tinctures that combine industrial hemp-derived CBD with hemp seed oil, coconut oil and other essential natural oils; a muscle cream product that combines industrial hemp-derived CBD with natural oils; a hand lotion that combines industrial hemp derived CBD with lavender oils; and a line of pet treats that combine industrial hemp-derived CBD with natural oils. Conveniant began its initial marketing efforts by introducing its brand and products at the ASD Market Tradeshow in Las Vegas that took place in March 2018. The ASD Market Tradeshow is a business to business convention where retail merchandise is introduced to various consumer market segments, including Conveniant's primary focus on convenience stores, gas stations, small markets and similar venues. Conveniant Hemp Mart's operations are in the development stage.

On May 1, 2019, the Company and Conveniant agreed to cancel the Company's 25% interest in Conveniant. Conveniant issued to the Company a credit memo equal to the Company's $100,000 investment, that the Company is currently utilizing in the manufacture of hempSMART products provided by Fab Distro, Inc., an affiliated company of Conveniant. The Company determined that as of December 31, 2018, its $100,000 investment in Conveniant was fully impaired due to Conveniant's failure to execute on its business plans.

MoneyTrac Technology, Inc .; MoneyTrac Technology, Inc. is a developer of an integrated and streamlined electronic payment processing system containing E-Wallet and mobile applications, that allows for the management and processing of prepaid cards, debit cards, and credit card payments. We entered into a stock purchase agreement with MoneyTrac on March 13, 2017 to purchase a 15% equity position in MoneyTrac. On July 27, 2017 we completed tender of the purchase price of $250,000. MoneyTrac's business and banking software solutions offer firms the ability to deposit funds directly into a "MoneyTrac Merchant Wallet," created and controlled by the firm, from which the firm can manage and provide inventory management, payroll processing, and audit tracking; and, the creation of "Customer Wallets," by anyone who wants to engage in cashless transactions, by loading money into their "MoneyTrac Customer Wallet" from a bank account or through a MoneyTrac kiosk, which also accepts debit and credit card transactions. MoneyTrac's kiosks are marketed to businesses that wish to offer cashless transactions to its customers, who can choose to either have funds loaded directly into their "Customer Wallet" or onto a pre-paid debit card. MoneyTrac's system provides for a secure, managed and auditable record of cashless transactions that is designed to be marketed to firms who want an alternative payment and management method for transacting business, including those firms in the legalized cannabis business in those states where cannabis has been legalized for recreational and/or medicinal use. Moneytrac is providing our VivaBuds delivery business join-venture with payment processing services for our customers.

Bougainville Ventures, Inc. Joint Venture; On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than $1 million dollars to fund joint venture operations based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry.

Bougainville represented that it had an ownership interest in real property located in Washington State used for growing cannabis, and possessed information primarily related to the management and control of cannabis grow operations as conducted in Washington State that included research, development and know how in the cannabis industry. Bougainville also represented that it had an agreement with a I502 Tier 3 license holder in Washington State to operate on the land. The Company and Bougainville's agreement provided that funding provided by the Company would go, in part, towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment to $800,000 and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land. The land is currently pending the payment of delinquent property taxes that would allow for the Okanogan County Assessor to sub-divide the property, so that the appropriate portion could be deeded to the joint venture. Although Bougainville represented it would pay the delinquent taxes, it has not. To date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company also offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville in good faith to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of funds contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, on September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the Company, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property. The case is currently in litigation.

In connection with the agreement, the Company recorded a cash investment of $1,188,500 to the Joint Venture during 2017. This was comprised of 49.5% ownership of BV-MCOA Management LLC, and was accounted for using the equity method of accounting. The Company recorded an annual impairment in 2017 of $792,500, reflecting the Company's percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of $37,673 and $11,043 for the first and second quarters respectively, and recorded an annual impairment of $285,986 for the year ended December 31, 2018, at which time the Company determined the investment to be fully impaired due to Bougainville's breach of contract, including: (i) its failure to communicate and cooperate regarding the Company's audit; (ii) its misrepresentations concerning its ownership interest in the real property in Okanogan County Washington; (iii) its failure to deed the property to the joint venture within thirty days of payment pursuant to the amended joint venture agreement; and, (iv) its misrepresentation that it possessed an agreement with a Tier 3 license holder to operate on the property. (See Legal Proceedings).

Global Hemp Group Joint Ventures

We currently have two ongoing joint ventures with Global Hemp Group, Inc., a Canadian corporation. Each is a related party transaction in that Global Hemp Group's director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company, who resigned on February 27, 2019. Further, our President and Chief Executive Officer Donald Steinberg is a shareholder in Global Hemp Group. The two Global Hemp Group joint ventures are discussed together due to the common ownership of the joint venture partners in each project, and the fact that both joint ventures share a common purpose of growing, cultivating and performing research and development of industrial hemp.

Global Hemp Group New Brunswick Joint Venture: On August 31, 2017, the Company entered into a Joint Venture Agreement ("Agreement") with Global Hemp Group, Inc., a Canadian corporation ("Global Hemp Group"). The Company will assist Global Hemp Group in developing commercial hemp production in New Brunswick, Canada. In the first year of the Agreement, the Company will share the costs of the ongoing hemp trial in New Brunswick; provide its expertise in developing hemp cultivation going forward; and, be granted a right of first refusal as Global Hemp Group's primary off-taker of any raw materials produced from the project. The Company's joint venture partner, Global Hemp Group, also partnered with Collège Communautaire du Nouveau Brunswick (CCNB) in Bathurst, New Brunswick, to assist in conducting research with the hemp trials. The trials are taking place on the Acadian peninsula of New Brunswick, and the initial trials to establish commercial cultivation pursuant to the Agreement are expected to be completed during 2019.

Global Hemp Group JV – Scio Oregon: On May 8, 2018, the Company, Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation entered into a Joint Venture Agreement. The purpose of the joint venture is to develop a project to commercialize the cultivation of industrial hemp on a 109 acre parcel of real property owned by the Company and Global Hemp Group in Scio, Oregon, and operating under the Oregon corporation Covered Bridges, Ltd. The joint venture is in the development stage. On May 30, 2018, the joint venture purchased TTO's 15% interest in the joint venture for $30,000. The Company and Global Hemp Group, Inc. now have an equal 50-50 interest in the joint venture. The joint venture agreement commits the Company to a cash contribution of $600,000 payable on the following funding schedule: $200,000 upon execution of the joint venture agreement; $238,780 by July 31, 2018; $126,445 by October 31, 2018; and, $34,775 by January 31, 2019. The Company has complied with its payments. The 2018 crop of hemp grown on the joint venture's real property consisted of 33 acres of high yielding CBD hemp grown in an orchard style cultivation on the property. The 2018 harvest consisted of approximately 37,000 high yielding CBD hemp plants producing 24 tons of biomass that produced 48,000 pounds of dried biomass. The joint venture partners prepared processing samples ranging in size from 100 lbs. to 2,000 lbs. for sample offers to extraction companies. The biomass is being processed into CBD crude oil with the option to refine it further into isolate, or full spectrum oil, in order to increase its value on the market. Results from the current extraction test batches were received in May 2019, and will serve as a basis for the final terms of the sale of the biomass by the Partners. In August of 2019, the JV sold 10,000 lbs of shucked biomass to an Oregon extraction facility for US$400,000. The JV team is currently working with this party and a number of others to complete the purchase of the remaining inventory.

The objective of phase one was to re-introduce hemp into the area and ensure that it could be productive under New Brunswick growing conditions prior to significantly increasing cultivation acreage and building a hemp processing facility in the region, in future phases of the project. As a result of our participation in the joint venture, we will share in the ownership of research and development of hemp and CBD related studies produced by the New Brunswick Project, and, in the event Canadian laws governing the growing, harvesting, manufacturing and production of products containing hemp and CBD change (as expected, but not guaranteed) in 2018, we would benefit from possible preferred pricing and terms for the purchase of hemp and CBD that would enable us to further conduct its business and research and development into hemp and CBD products.

GateC Joint Venture: On March 17, 2017, the Company and GateC Research, Inc. ("GateC") entered into a Joint Venture Agreement ("Agreement") whereby the Company committed to raise up to one and one-half million dollars ($1,500,000) over a six-month period, with a minimum commitment of five hundred thousand dollars ($500,000) within a three (3) month period; and, information establishing brands and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies, including but not limited to its affiliate marketing program, directly tailored to the cannabis industry.

GateC agreed to contribute its management and control services and systems related to cannabis grow operations in Adelanto County, California, and its permit to grow marijuana in an approved zone in Adelanto, California. GateC did not own a physical site for its operation in Adelanto County, California, and GateC's permit to grow cannabis did not contain a conditional use permit.

On or about November 28, 2017, GateC and the Registrant orally agreed to suspend the Company's funding commitment, pending the finalization of California State regulations governing the growth, cultivation and distribution of cannabis, which were expected to be completed in 2018.

On March 19, 2018, the Company and GateC rescinded the Agreement and concurrently released each other from any all any and all losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, injuries, suits, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, that they may have against each other and their Affiliates, arising out of the Agreement.

The Registrant incurred no termination penalties as the result of its entry into the Recession and Mutual Release Agreement.

In 2017, the Company recorded a debt obligation of $1,500,000 to the Joint Venture and a corresponding impairment charge of $1,500,000 during for year ended December 31, 2017. Upon termination of the material definitive agreement on March 19, 2018, the Company realized a gain on settlement of debt obligation of $1,500,000 during the six months ended June 30, 2018.

Natural Plant Extract ("NPE")

Pursuant to a material definitive agreement, the Company agreed to acquire twenty percent of NPE's authorized shares, totaling 200,000 shares, in exchange for Registrant's payment of $2,000,000 (two million dollars) and $1,000,000 worth or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split. As of the date of this filing, the shares have not been issued. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;
b. Deposit of $250,000 payable within 30 days;
c. Deposit of $400,000 within 60 days;
d. Deposit of $500,000 within 75 days;
e. Deposit of $500,000 within 90 days.'

The Company accounted this transaction as an investment and a liability - “debt obligation of Joint Venture”. The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities (“ASC 321-10) which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes.

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

VivaBuds: On August 8, 2019, the Company announced its launch of VivaBuds, its premium cannabis delivery service, which will initially deliver cannabis to the San Fernando Valley, located in Los Angeles, California. As previously disclosed on Form 8-K on April 17, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, “NPE”). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.

Pursuant to the material definitive agreement, the Company agreed to acquire twenty percent of NPE’s authorized shares, totaling 200,000 shares, in exchange for Registrant’s payment of $2,000,000 (two million dollars) and $1,000,000 worth or approximately 1,173,709 shares of the Company’s restricted common stock, after the effects of the reverse stock split. As of the date of this filing, the shares have not been issued. The Company’s payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;
b. Deposit of $250,000 payable within 30 days;
c. Deposit of $400,000 within 60 days;
d. Deposit of $500,000 within 75 days;
e. Deposit of $500,000 within 90 days.’

The Company accounted this transaction as an investment and a liability - “debt obligation of Joint Venture”. The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities (“ASC 321-10) which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes.

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Results of Operations

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our hempSMART™ product sales and research and development efforts. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

Revenues/Cost of sales

Total revenues for the 3 months ended June 30, 2019 and 2018 were $208,580 and $28,435, respectively, an increase of $180,145. This increase is attributable to the continuing developing market for sales of our hempSMART™ products and the addition of several new products. The increase in our total revenues of hempSMART™ products was due to the volume of sales, and not as the result of price increases, and reflect sales based on our efforts at implementing our affiliate marketing sales program and direct sales through our website.

During the three months ended June 30, 2019 the Company released two new industrial hemp based hempSMART™ products: (i) hempSMART™ Comfort Cream, a cream formulated with industrial hemp based CBD and natural ingredients containing a broad range of active terpenes and organic botanicals, and (ii) hempSMART™ Comfort Capsules, capsules formulated with industrial hemp based CBD, and other botanicals ingredients.

The following table identifies our product offerings and the revenues related to these product for the three months ended June 30, 2019 and 2018, respectively:

	3 months ended June 30,			
Products	**2019**		**2018**	
Drops	$	77,657	$	7,072	
Pain Cream	$	36,186	$	9,153	
Brain Capsules	$	24,086	$	4,344	
Pet Drops	$	15,545	$	1,029	
Pain Capsules	$	12,488	$	3,387	
Face Moisturizer	$	12,347	$	1,735	
Comfort Cream	$	12,005	$	0	New Product during 2nd Quarter 2019
Comfort Capsules	$	10,419	$	0	New Product during 2nd Quarter 2019
Membership Fees	$	7,846	$	1,715	
Totals	**$**	**208,580**	**$**	**28,435**	

Costs and Expenses - Costs of sales, include the costs of product development, manufacturing, testing, packaging, storage and sale. For the three months ended June 30, 2019 and 2019, costs of sales was $29,139 as compared to $4,164 for the three months ended June 30, 2018. The reported costs of sales for each period reflect the Company's increased effort and growth in the marketing and selling its hempSMART™ products.

General and administrative expenses

Selling, general and administrative expenses increased to $1,477,415 for the three months ended June 30, 2019 compared to $861,886 the three months ended June 30, 2018. General and administrative expenses include selling and marketing, research and development, building rent, utilities, legal fees, office supplies, subscriptions, and office equipment. The increase of $615,529 is attributed is attributed primarily to the growth in sales of its hempSMART™ products on a global basis. Below is a table with details of the variances in General and administrative expenses:

EXPENSE	For the three months ended June 30, 2019			Explanation
	2019	2018	Variance	
Board of Director fees	$ 14,000	$ 0	$ 14,000	Board of directors were compensated as officers during Q2 2018
Travel Expenses	14,321	0	14,321	Increase in travel expenses due to increase in hempSMART sales
Legal consulting	72,580	54,810	17,770	Increase was due to more hours spent on responses to SEC inquiries related to the company's S-1 filing.
Consulting fees	406,415	161,110	245,305	Contractual commitments based on growth related to hempSMART sales in 2019
Accounting fees	19,450	0	19,450	New CFO during Q2 2019 vs $0 during Q2 2018
Officers Compensation	90,000	195,000	-105,000	Q2 2019 payments only to CEO Don Steinberg. Q2 2018 included Charlie Larsen and Robert Hymers
Marketing Compensation	7,300	0	7,300	New hempSMART Marketing consultant hired during Q2 2019
UK Contract Compensation	102,368	0	102,368	New hempSMART UK Sales Manager hired late in 2018
Admin Compensation	132,212	0	132,212	New staff hired in Q2 2019 and late in 2018 for Logistics, Sales, Accounting, IT, legal and administrative.
Wire transfer fees	14,696	0	14,696	Wire transfer costs incurred to send monies to UK operations
Commissions expense	31,430	2,896	28,534	Commissions paid based on sales volume at Q2 2019 vs Q2 2018
Marketing expense	337,855	82,902	254,953	Variance is due to increased Media due to sales growth
Stock based compensation	0	188,805	-188,805	Decrease due to accretion of vesting options recorded during Q2 2018. $0 in Q2 2019
Import duties and taxes	21,579	4,245	17,334	Expenses incurred due to increase hempSMART sales in the UK which began late 2018
Others, net	213,209	172,119	41,090	
TOTALS[(1)]	$ 1,477,415	$ 861,886	$ 615,528	

(1) Foreign exchange transactions were deemed immaterial, and is included in the general and administrative expenses.

Gain on change in fair value of derivative liabilities

During the three months ended June 30, 2019 and 2018, respectively, we issued convertible promissory notes and warrants with an embedded derivative, all requiring us to fair value the derivatives each reporting period, and mark to market as a non-cash adjustment to our current period operations. This resulted in a gain of $2,356,570 and a loss of $3,470,957 change in fair value of derivative liabilities for the three months ended June 30, 2019 and 2018, respectively.

Loss on equity investment

During the three months ended June 30, 2019 and 2018, we adjusted the carry value of our investment for our pro rata share of equity investment of $171,284 and $11,043, respectively.

Interest Expense

Interest expense during the three months ended June 30, 2019 was $1,005,970 compared to $1,350,633 for the three months ended June 30, 2018. Interest expense primarily consists of interest incurred on our convertible and other debt.

Unrealized loss on trading securities
The company incurred unrealized losses on its Moneytrac securities of $150,000 and $0 for the three months ended June 30, 2019 and 2018, respectively.

Six Months Ended June 30, 2019 Compared to six Months Ended June 30, 2018

Results of Operations - The Company generated revenue of $323,390 and $47,445 for the six months ended June 30, 2019 and 2018, respectively. The increase of $275,945 is due to the Company's deployment of its hempSMART marketing and sales efforts and expansion into the UK in Q1 2019. Since the Company's sales efforts were launched approximately two years ago, no currently known or previous matters are expected to have a material impact on current or future operations, with the exception of the Company's need for funding. For the six months ended June 30, 2019 and 2018, the Company had net losses from continuing operations of $2,113,774 and $1,133,448, respectively. This change is due primarily to the operational growth related to the deployment of sales and marketing efforts.

Revenues/Cost of sales

Total revenues for the six months ended June 30, 2019 and 2018 were $323,390 and $47,445, respectively, an increase of $275,945. This increase is attributable to the continuing developing market for sales of our hempSMART™ products and the addition of several new products. The increase in our total revenues of hempSMART™ products was due to the volume of sales, and not as the result of price increases, and reflect sales based on our efforts at implementing our affiliate marketing sales program and direct sales through our website.

During the six months ended June 30, 2019 the Company released two new industrial hemp based hempSMART™ products: (i) hempSMART™ Comfort Cream, a cream formulated with industrial hemp based CBD and natural ingredients containing a broad range of active terpenes and organic botanicals, (ii) hempSMART™ Comfort Capsules, capsules formulated with industrial hemp based CBD, and (iii) Leafles and related accessories

The following table identifies our product offerings and the revenues related to these products for the six months ended June 30, 2019 and 2018, respectively:

	Six Months Ended June 30,		
Sales Product	2019	2018	
Drops	$ 135,075	$ 16,235	Due to growth and new UK business
Pain Cream	64,484	12,143	Due to growth and new UK business
Brain Capsules	33,662	6,823	Due to growth and new UK business
Pet Drops	24,784	2,023	Due to growth and new UK business
Pain Capsules	21,990	5,792	Due to growth and new UK business
Face Moisturizer	19,849	1,735	Due to growth and new UK business
Membership Fees	10,835	2,695	Due to growth and new UK business
Comfort Cream	5,459	—	New product in 2019
Comfort Capsules	3,873	—	New product in 2019
Leaflets and accessories	2,968	—	New product in 2019
Total Product Sales	$ 323,390	$ 47,445	

Costs and Expenses - Costs of sales, include the costs of product development, manufacturing, testing, packaging, storage and sale. For the six months ended June 30, 2019, costs of sales were $69,017 as compared to $14,610 for the six months ended June 30, 2018. The reported costs of sales for each period reflect the Company's increased effort and growth in the marketing and selling its hempSMART™ products.

General and administrative expenses

Other general and administrative expenses increased to $2,464,756 for the six months ended June 30, 2019 compared to $1,163,365 the six months ended June 30, 2018. General and administrative expenses include selling and marketing, research and development, building rent, utilities, legal fees, office supplies, subscriptions, and office equipment. The increase of $1,301,391 is attributed is attributed primarily to the growth in sales of its hempSMART™ products on a global basis. Below is a table which explains the variances in our General and administrative expenses for the six months ended June 30, 2019 and 2018, respectively:

	For the 6 months ended June 30,			
EXPENSE	**2019**	**2018**	**Variance**	**Explanation**
Collection expense	$ 15,000	$ 0	$ 15,000	Writeoff was due to Merchant closing down.
Board of Director fees	18,000	0	18,000	New Board member fees established in 2019 vs 2018
Import duties and taxes	22,264	0	22,264	Increase due to hempSMART sales in UK as products sent to Europe.
Stock based compensation	100,350	(123,595)	223,945	2019 reflects compensation for new Marketing team, while 2018 YTD reflected credit adjustment for FV of vesting non-employee options
Consulting Fees	678,019	417,040	260,980	Contractual commitments based on growth related to hempSMART sales and product development during 2019
Accounting fees	26,110	0	26,110	Principally $21,275 fees paid to new CFO hired in Sept 2018
Officer's Compensation	220,000	390,000	(170,000)	2019 reflected Don Steinberg CEO and one month for Charlie Larsen vs 2018 amounts for CEO, Charles Larsen and CFO
Investor Relations	87,826	132,770	(44,944)	
hempSMART compensation	440,648	2,917	437,731	Increase is due to expansion and growth of hempSMART business in 2019 vs 2018
Bank service charges	54,271	5,700	48,570	Increase in fees is due to wire transfers to Europe as well as growth of hempSMART business in 2019
hempSMART commissions	99,320	6,937	92,383	Increase in Commissionss due to growth of hempSMART business in 2019
Marketing	583,145	242,462	340,683	Increase in Marketing costs is related to growth of hempSMART business in 2019
Others, net	119,802	89,135	30,667	
TOTALS[(1)]	**$ 2,464,756**	**$ 1,163,365**	**$ 1,301,390**	

(1) Foreign exchange transactions were deemed immaterial, and is included in the general and administrative expenses.

Gain on change in fair value of derivative liabilities

For the six months ended June 30, 2019 and 2018 we issued convertible promissory notes and warrants with an embedded derivative, all requiring us to fair value the derivatives each reporting period, and mark to market as a non-cash adjustment to our current period operations. This resulted in a loss of $330,879 and a gain of $1,585,729 change in fair value of derivative liabilities for the six months ended June 30, 2019 and 2018, respectively.

Loss on equity investment

During the six months ended June 30, 2019 and 2018, we adjusted the carry value of our investment for our pro rata share loss on equity investment of $230,825 and $48,716, respectively.

Gain on settlement of debt

During the six months ended June 30, 2019 and 2018, the company realized a gain on settlement of debt of $0 and $156,839, respectively. This was related to the termination of a material definitive agreement not made in the ordinary course of its business during the six months ended June 30, 2018. The parties to the agreement are the Company and GateC.

Interest Expense

Interest expense during the six months ended June 30, 2019 and 2018, was $1,442,252 and $2,081,379, respectively. Interest expense primarily consists of interest incurred on our convertible and other debt. The debt discounts amortization and non-cash interest incurred during the six months ended June 30, 2019 and 2018 was $2,750,802 and $2,011,841, respectively.

Liquidity and Capital Resources – The Company has generated a net loss from continuing operations for the six months ended June 30, 2019 of $2,213,774 and used $1,430,589 cash for operations. As of June 30, 2019, the Company had total assets of $4,456,276, which included inventory of $249,258 and accounts receivable of $38,359.

During the three months ended June 30, 2019 and 2018, the Company has met its capital requirements through a combination of loans and convertible debt instruments. The Company will need to secure additional external funding in order to continue its operations. Our primary internal sources of liquidity were provided by an increase in proceeds from the issuance of note payables of $1,675,000 for June 30, 2019, as compared to $942,940 for June 30, 2018, and an increase proceeds from the sale of note payables to a related party of $0 for June 30, 2019 as compared to $103,791 for June 30, 2018. We have during the period ended June 30, 2018, relied upon external financing arrangements to fund our operations. During the three months ended June 30, 2019 and 2018, we entered into several separate financing arrangements with St. George Investments, LLC, a Utah limited liability company, in which we borrowed an aggregate of $2,149,170, the principal of which is convertible into shares of our common stock (see Note 6, Convertible Note Payable). Our ability to rely upon external financing arrangements to fund operations is not certain, and this may limit our ability to secure future funding from external sources without changes in terms requested by counterparties, changes in the valuation of collateral, and associated risk, each of which is reasonably likely to result in our liquidity decreasing in a material way. We intend to utilize cash on hand, loans and other forms of financing such as the sale of additional equity and debt securities and other credit facilities to conduct our ongoing business, and to also conduct strategic business development and implementation of our business plans generally.

Operating Activities - For the six months ended June 30, 2019, the Company used cash in operating activities of $1,430,589. For the six months ended June 30, 2018, the Company used cash in operating activities of $1,037,789. This increase is due primarily to net loss for the six months ended June 30, 2019 as comparted to the net loss for the period ended June 30, 2018, offset by the loss on change in fair value of derivative liabilities (non-cash) for the six months ended June 30, 2019 against the gain on change in fair value of derivative liabilities (non-cash) and continued implementation of our new business plan, operations, management, personnel and professional services.

Investing Activities - During the six months ended June 30, 2019, the Company spent cash of $501,361 in investing activities related to its purchase of investment and equipment and investment in joint ventures. During the six months ended June 30, 2018, we spent $376,403 on investment in joint ventures and purchase of equipment.

Financing Activities - During the six months ended June 30, 2019, the Company, primarily through its receipt of funds from the issuance of notes payable resulted in financing activity of $1,675,000. For the six months ended June 30, 2018 the Company received proceeds of $924,940 from issuance of notes payable, $103,791 from proceeds of notes payable due to related party and $190,000 proceeds from common stock subscriptions.

The Company's business plans have not generated significant revenues and as of the date of this filing are not sufficient to generate adequate amounts of cash to meet its needs for cash. The Company's primary source of operating funds for the six months ended June 30, 2019 and 2018 have been from revenue generated from proceeds from the sale of common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve in the second half of 2019 and beyond as it develops its affiliate marketing program and other direct sales and marketing programs. The Company has stockholders' deficiencies at June 30, 2019 and requires additional financing to fund future operations. As of the date of this filing, and due to the early stages of operations, the Company has insufficient sales data to evaluate the amounts and certainties of cash flows, as well as whether there has been material variability in historical cash flows.

We currently do not have sufficient cash and liquidity to meet our anticipated working capital for the next twelve months. Historically, we have financed our operations primarily through private sales of our common stock and. If our sales goals for our hempSMART™ products do not materialize as planned, and we are not able to achieve profitable operations at some point in the future, we may have insufficient working capital to maintain our operations as we presently intend to conduct them or to fund our expansion, marketing, and product development plans. There can be no assurance that we will be able to obtain such financing on acceptable terms, or at all.

Off Balance Sheet Arrangements

As of June 30, 2019, and December 31, 2018,we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Government Regulations of Cannabis

Federal Law

Our business includes the research and development of (1) varieties of various species of hemp; (2) beneficial uses of hemp and hemp derivatives; (3) indoor and outdoor cultivation methods for hemp; (4) technology used for cultivation and harvesting of different species of hemp, including but not limited to lighting, venting, irrigation, hydroponics, nutrients and soil; (5) different industrial hemp derived CBD, and the possible health benefits thereof; and, (6) new and improved methods of hemp CBD extraction omitting or eliminating the delta-9 tetrahydrocannabinol "THC" molecule.

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use. Although legal under California State law, cannabis remains an illegal Schedule 1 drug under the federal Controlled Substances Act, which views cannabis as a highly addictive drug with no medical value. In the event the U.S. federal government were to enforce the Controlled Substances Act regarding cannabis, the Company's Viva Buds operations discussed below would be materially impacted (See Risk Factors in Section 1A).

Cannabis Remains a Schedule 1 Drug Under the Controlled Substances Act and Illegal Under Federal Law.

The criminal penalty structure in the Controlled Substances Act is determined based on the specific predicate violations, including but not limited to: simple possession, drug trafficking, attempt and conspiracy, distribution to minors, trafficking in drug paraphernalia, money laundering, racketeering, environmental damage from illegal manufacturing, continuing criminal enterprise, and smuggling. A first conviction under the Controlled Substances Act can generally result in possible fines from $250,000 to $50 million dollars, and incarceration for periods generally from five and up to forty years. For a second conviction, fines increase generally from $500,000 to $75 million dollars, and incarceration for periods generally from ten years to twenty years to life.

The federal government recently issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). On January 4, 2018, Attorney General Jeff Sessions issued a memorandum for all United States Attorneys concerning federal cannabis enforcement generally. Mr. Sessions rescinded all previous prosecutorial guidance issued by the Department of Justice regarding cannabis, including the August 29, 2013 memorandum by James Cole, Deputy Attorney General (the "Cole Memorandum").

The Cole Memorandum previously set out the Department of Justice's prosecutorial priorities in light of various states legalizing cannabis for medicinal and/or recreational use. The Cole Memorandum provided that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system and to other states, prohibiting access to cannabis by minors, and replacing an illicit cannabis trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing cannabis-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

By rescinding the Cole Memorandum, Mr. Sessions injected material uncertainty as it relates to how the Department of Justice will evaluate cannabis cases for prosecution, and risk into the Company's business as it relates to the research, development, marketing and sale of its products containing industrial hemp derived CBD (see Risk Factors, Item 1A).

Mr. Sessions stated that U.S. Attorneys must decide whether or not to pursue prosecution of cannabis activity based upon factors including: the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. Mr. Sessions reiterated that the cultivation, distribution and possession of cannabis continues to be a crime under the U.S. Controlled Substances Act.

On March 23, 2018, President Donald J. Trump signed into law a $1.3 trillion-dollar spending bill that included an amendment known as "Rohrabacher-Blumenauer," which prohibits the Justice Department from using federal funds to prevent certain states "from implementing their own State laws that authorize the use, distribution, possession or cultivation of medical marijuana."

The United States Food & Drug Administration ("FDA") is generally responsible for protecting the public health by ensuring the safety, efficacy, and security of (1) prescription and over the counter drugs; (2) biologics including vaccines, blood & blood products, and cellular and gene therapies; (3) foodstuffs including dietary supplements, bottled water, and baby formula; and, (4) medical devices including heart pacemakers, surgical implants, prosthetics, and dental devices.

Regarding its regulation of drugs, the FDA process requires a review that begins with the filing of an "Investigational New Drug" (IND) application, with follow on clinical studies and clinical trials that the FDA uses to determine whether a drug is safe and effective, and therefore subject to approval for human use by the FDA.

Aside from the FDA's mandate to regulate drugs, the FDA also regulates dietary supplement products and dietary ingredients under the Dietary Supplement Health and Education Act of 1994. This law prohibits manufacturers and distributors of dietary supplements and dietary ingredients from marketing products that are adulterated or misbranded. This means that these firms are responsible for evaluating the safety and labeling of their products before marketing to ensure that they meet all the requirements of the law and FDA regulations, including, but not limited to the following labeling requirements: (1) identifying the supplement; (2) nutrition labeling; (3) ingredient labeling; (4) claims; and, (5) daily use information.

The FDA has not approved cannabis, hemp or CBD derived from industrial hemp as a safe and effective drug for any indication. As of the date of this filing, we have not, and do not intend to file an IND with the FDA, concerning any of our consumer products that contain CBD derived from industrial hemp, or cannabis generally.

The FDA has concluded that products containing cannabis and industrial hemp derived CBD are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. The FDA's position is that products containing cannabis and industrial hemp derived CBD are Schedule 1 drugs under the Controlled Substances Act, and so are illegal drugs that are under the purview of the U.S. Drug Enforcement Agency and U.S. Justice Dept., who are charged with enforcing the Controlled Substances Act. However, at some indeterminate future time, the FDA may choose to change its position concerning cannabis generally, and specifically products containing industrial hemp derived CBD, and may choose to enact regulations that are applicable to such products as either drugs or supplements. In this event, our industrial hemp-based products containing CBD may be subject to regulation (See Risk Factors, Item IA).

In addition to strict compliance with state laws and regulations in those jurisdictions where cannabis is legal for recreational or medical use, the Company's research and development activities intend to comply with the parameters of a recent 9th Cir. Federal Appellate Court decision, United States v. McIntosh, 2016 DJDAR 8484 (Aug. 16, 2016), which held: "the U.S. Department of Justice cannot spend money to prosecute federal marijuana cases if the defendants comply with state guidelines that permit the drug's sale for medical purposes". The Court reasoned that "if the DOJ punishes individuals for engaging in activities permitted under state law (such as the use, cultivation, distribution and possession of medical marijuana), then the DOJ is preventing state law from being implemented as a practical matter." "By officially permitting certain conduct, state law provides for non-prosecution of individuals who engage in such conduct. If the federal government prosecutes such individuals, it has prevented the state from giving practical effect to its law providing for non-prosecution of individuals who engage in the permitted conduct." This ruling is consistent with Congress's passing of its current budget law, that included an amendment known as "Rohrabacher-Blumenauer," which prohibits the Justice Department from using federal funds to prevent certain states "from implementing their own State laws that authorize the use, distribution, possession or cultivation of medical marijuana."

Recent Government Decriminalization and Legalization of Hemp

On December 20, 2018, President Donald J. Trump signed into law the Agriculture Improvement Act of 2018, otherwise known as the "Farm Bill". Prior to its passage, hemp, a member of the cannabis family, and hemp derived CBD were classified as Schedule 1 controlled substances, and so illegal under the Controlled Substances Act, 21 U.S.C. § 811 (hereafter referred to as the "CSA").

With the passage of the Farm Bill, hemp cultivation is broadly permitted. The Farm Bill explicitly allows the transfer of hemp-derived products across state lines for commercial or other purposes. It also puts no restrictions on the sale, transport, or possession of hemp-derived products, so long as those items are produced in a manner consistent with the law.

Under Section 10113 of the Farm Bill, hemp cannot contain more than 0.3 percent THC. THC refers to the chemical compound found in cannabis that produces the psychoactive "high" associated with cannabis. Any cannabis plant that contains more than 0.3 percent THC would be considered non-hemp cannabis—or marijuana—under federal law and would thus face no legal protection under this new legislation and would be an illegal Schedule 1 drug under the CSA.

Additionally, there will be significant, shared state-federal regulatory power over hemp cultivation and production. Under Section 10113 of the Farm Bill, state departments of agriculture must consult with the state's governor and chief law enforcement officer to devise a plan that must be submitted to the Secretary of the United States Department of Agriculture (hereafter referred to as the "USDA"). A state's plan to license and regulate hemp can only commence once the Secretary of USDA approves that state's plan. In states opting not to devise a hemp regulatory program, USDA will construct a regulatory program under which hemp cultivators in those states must apply for licenses and comply with a federally-run program. This system of shared regulatory programming is similar to options states had in other policy areas such as health insurance marketplaces under Affordable Care Act, or workplace safety plans under Occupational Health and Safety Act—both of which had federally-run systems for states opting not to set up their own systems.

The Farm Bill outlines actions that are considered violations of federal hemp law (including such activities as cultivating without a license or producing cannabis with more than 0.3 percent THC). The Farm Bill details possible punishments for such violations, pathways for violators to become compliant, and even which activities qualify as felonies under the law, such as repeated offenses.

One of the goals of the previous 2014 Farm Bill was to generate and protect research into hemp. The 2018 Farm Bill continues this effort. Section 7605 re-extends the protections for hemp research and the conditions under which such research can and should be conducted. Further, section 7501 of the Farm Bill extends hemp research by including hemp under the Critical Agricultural Materials Act. This provision recognizes the importance, diversity, and opportunity of the plant and the products that can be derived from it, but also recognizes that there is a still a lot to learn about hemp and its products from commercial and market perspectives.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to Smaller Reporting Companies.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely and reliable financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

As of the quarter ended June 30, 2019, our principal executive officer and principal financial officer completed an assessment of the effectiveness of our disclosure controls and procedures, to determine the existence of any material weaknesses or significant deficiencies. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting.

Management identified the following material weakness which has caused management to conclude that, as of June 30, 2019, our disclosure controls and procedures were not effective:

(1) a lack of organizational controls designed to allow us to gather and provide our auditor timely documentation concerning our joint ventures’ financial records. This material weakness causes us to not be able to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP, and effectively close our books in a timely fashion and report to the Commission consistent with its rules and forms.

Changes in Internal Control over Financial Reporting.

In order to address the material weakness and significant deficiency, we made the following changes to our internal control over financial reporting:

(1) After our year ended December 31, 2018, we considered and approved on May 28, 2019, an internal audit sub-committee, led by independent director Robert Coale, to obtain timely information on a weekly basis on the status of our joint ventures, the respective budgets and expenses and variances on balances. Mr. Jesus Quintero, our Chief Financial Officer, has monitored, reviewed and to the extent he deemed prudent, tested Mr. Coale’s work since inception of the internal audit sub-committee. Mr. Coale has reported to the Board of Directors on the status of each joint venture on a weekly basis, along with a discussion of the ability to sell and liquidate inventory and to also advised concerning funding. Although we believe our implementation of this framework will provide an effective preventative control that will allow us to provide our auditor timely information about our joint ventures so that we can close our books in a timely fashion and file our reports to the Commission consistent with its rules and forms, our internal sub-committee has been operational for approximately three months, and so our evaluation of its effectiveness is not complete and will require further review, assessment and disclosure. This material weakness remains unremedied.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company previously entered into a joint venture agreement with Bougainville Ventures, Inc. on March 16, 2017, as amended on November 6, 2017.

The Company and Bougainville originally agreed to a joint venture with the goal of participating in the legalized cannabis business in Washington State. The parties intended to organize and operate a cannabis growth and cultivation business on land owned by Bougainville in Oroville, Washington. The Company agreed to finance the joint venture with a cash payment of $800,000. The Company also issued Bougainville 15 million shares of its common stock. Bougainville represented that it would provide the real property for the joint venture, computer controlled greenhouses and agricultural facilities and, as landlord, oversight of the operations of a cannabis licensee holding a I-502 cannabis license. Bougainville represented that the property was I-502 compliant, and that Bougainville had a lease payment arrangement with an I-502 license holder to operate on the land. Bougainville agreed to vend clear title to the real property associated with the I502 licensee to the joint venture within 30 days of the final payment by the registrant. Despite the Company complying with its full financial obligations, Bougainville did not and has not transferred the real property to the joint venture. The Company determined that Bougainville did not own the real property; misappropriated funds paid into the joint venture for its own purposes; and, did not possess an agreement with a licensed I-502 operator.

The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the registrant, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property.

The Company recently served process on the defendants and the case is currently in litigation. No trial date has been set.

ITEM 1A. RISK FACTORS

Our business involves a number of very significant risks, including but not limited to various areas of the cannabis industry being illegal under Federal Law and susceptible to aggressive prosecution from the U.S. Attorney General. Our business, operating results and financial condition could be seriously harmed as a result of the occurrence of any of the following risks.

You should invest in our common stock only if you can afford to lose your entire investment. Your decision to invest in our common stock should only be made after you have knowingly accepted the possibilities of such a loss and the associated risks, including our business being so close to the Federally illegal cannabis industry, including various states where hemp and marijuana are still not legal for commercial purposes and sale.

Risks Related to Our Business

Because we have only recently begun our hempSMART™ operations, and our other ventures are all in the development stage or not of yet capitalized, we anticipate our operating expenses will increase prior to earning revenue, and we may never achieve profitability:

We launched our first hempSMART™ product, hempSMART Brain™, in November 2016. As we continue to conduct the research and development and release of other hempSMART™ products and our joint ventures with Global Hemp Group, Inc., we anticipate increases in our operating expenses, without realizing significant revenues from operations. Within the next 12 months, these increases in expenses will be attributed to the cost of (i) administration and start-up costs, (ii) research and development, (iii) advertising and website development, (iv) legal and accounting fees at various stages of operation, (v) joint venture activities, (vi) creating and maintaining distribution and supply chain channels.

As a result of some or all of these factors in combination, we will incur significant financial losses in the foreseeable future. There is no history upon which to base any assumption as to the likelihood that our Company will prove successful. We cannot provide investors with any assurance that our business will attract customers and investors. If we are unable to address these risks, there is a high probability that our business will fail.

Failure to raise additional capital to fund operations could harm our business and results of operations:

Our primary source of operating funds from 2015 through the December 31, 2018 year-end has been from funds generated from proceeds from the sale of our common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since inception but expects these conditions to improve in 2019 and beyond as it develops its business model. The Company has stockholders' deficiencies at December 31, 2018 and 2017 and requires additional financing to fund future operations. Currently, we do not have any arrangements for financing and can provide no assurance to investors that we will be able to obtain financing when required. No assurance can be given that our Company will obtain access to capital markets in the future or that financing, adequate to satisfy the cash requirements of implementing our business strategies, will be available on acceptable terms. The inability of our Company to gain access to capital markets or obtain acceptable financing could have an adverse effect upon the results of its operations and upon its financial conditions.

Cannabis and CBD are illegal under federal law:

Cannabis and CBD are Schedule 1 controlled substances and are illegal under federal law, specifically the Controlled Substances Act (21 U.S.C. § 811). Even in states that have legalized the use of cannabis and hemp, its sale and use remain violations of federal law. The illegality of cannabis and hemp under federal law preempts state laws that legalize its use. Therefore, strict enforcement of federal law regarding cannabis and hemp would likely result in our inability to proceed with our business plan. As Schedule 1 drugs, cannabis, hemp and CBD are viewed as being highly addictive and having no medical value. The United States Drug Enforcement Agency enforces the Controlled Substances Act, and persons violating it are subject to federal criminal prosecution. The criminal penalty structure in the Controlled Substances Act is determined based on the specific predicate violations, including but not limited to: simple possession, drug trafficking, attempt and conspiracy, distribution to minors, trafficking in drug paraphernalia, money laundering, racketeering, environmental damage from illegal manufacturing, continuing criminal enterprise, and smuggling. A first conviction under the Controlled Substances Act can generally result in possible fines from $250,000 to $50 million dollars, and incarceration for periods generally from five and up to forty years. For a second conviction, fines increase generally from $500,000 to $75 million dollars, and incarceration for periods generally from ten years to twenty years to life.

The federal government recently issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). On January 4, 2018, Attorney General Jeff Sessions issued a memorandum for all United States Attorneys concerning cannabis enforcement. Mr. Sessions rescinded all previous prosecutorial guidance issued by the Department of Justice regarding cannabis, including the August 29, 2013 memorandum by James Cole, Deputy Attorney General (the "Cole Memorandum").

The Cole Memorandum previously set out the Department of Justice's prosecutorial priorities in light of various states legalizing cannabis for medicinal and/or recreational use. The Cole Memorandum provided that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit cannabis trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing cannabis-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

By rescinding the Cole Memorandum, Mr. Sessions injected material uncertainty as it relates to how the Department of Justice will evaluate cannabis cases for prosecution, and risk into the Company's business as it relates to the research, development, marketing and sale of its hempSMART™ products containing hemp derived CBD.

Mr. Sessions stated that U.S. Attorneys must decide whether or not to pursue prosecution of cannabis activity based upon factors including: the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. Mr. Sessions reiterated that the cultivation, distribution and possession of cannabis continues to be a crime under the U.S. Controlled Substances Act.

As to the Company engaging in business outside of the jurisdiction of the U.S.A., we assume that laws in other country(s), territories or destinations are similar to that of the United States Federal Government. As a result, we will retain competent legal counsel in any outside jurisdiction prior to engaging in any cannabis or hemp business.

Laws and regulations affecting our industry are constantly changing:

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect our operations. Local, state and federal medical cannabis laws and regulations are broad in scope and subject to changing interpretations. These changes may require us to incur substantial costs associated with legal and compliance fees and ultimately require us to alter our business plan. Furthermore, violations of these laws, or alleged violations, could disrupt our business and result in a material adverse effect on our operations. In addition, we cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to our business.

Our business is subject to risk of government action:

While we will use our best efforts to comply with all state and local laws and regulations laws, there is a possibility that U.S. Federal Government Action to enforce any alleged violations may result in legal fees and damage awards that would adversely affect us.

Because our business is dependent upon continued market acceptance by consumers, any negative trends will adversely affect our business operations:

We are substantially dependent on continued market acceptance and proliferation of consumers of cannabis and hemp. We believe that as cannabis and hemp become more accepted, the stigma associated with them will diminish and as a result consumer demand will continue to grow. While we believe that the market and opportunity in the cannabis space continues to grow, we cannot predict the future growth rate and size of the market. Any negative outlook on the cannabis industry will adversely affect our business operations.

The possible FDA Regulation of cannabis, hemp and industrial hemp derived CBD, and the possible registration of facilities where hemp is grown and CBD products are produced, if implemented, could negatively affect the cannabis industry generally, which could directly affect our financial condition:

The FDA has not approved cannabis, industrial hemp or CBD derived from industrial hemp as a safe and effective drug for any indication. The FDA considers these substances illegal Schedule 1 drugs. As of the date of this filing, we have not, and do not intend to file an IND with the FDA, concerning any of our hempSMART ™ products that contain industrial hemp or CBD derived from industrial hemp. Further, The FDA has concluded that products containing industrial hemp or CBD derived from industrial hemp are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. However, at some indeterminate future time, the FDA may choose to change its position concerning products containing cannabis, hemp, or CBD derived from industrial hemp, and may choose to enact regulations that are applicable to such products, including, but not limited to: the growth, cultivation, harvesting and processing of cannabis and hemp; regulations covering the physical facilities where cannabis and hemp are grown; and possible testing to determine efficacy and safety of industrial hemp derived CBD. In this hypothetical event, our industrial hemp-based hempSMART ™ products containing CBD may be subject to regulation. In the hypothetical event that some or all of these regulations are imposed, we do not know what the impact would be on the cannabis industry in general, and what costs, requirements and possible prohibitions may be enforced. If we are unable to comply with the conditions and possible costs of possible regulations and/or registration as may be prescribed by the FDA, we may be unable to continue to operate our business.

We may have difficulty accessing the service of banks:

On February 14, 2014, the U.S. government issued rules allowing banks to legally provide financial services to state-licensed cannabis businesses. A memorandum issued by the Justice Department to federal prosecutors re-iterated guidance previously given, this time to the financial industry, that banks can do business with legal cannabis businesses and "may not" be prosecuted. We assume this applies to hemp. The Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued guidelines to banks that "it is possible to provide financial services"" to state-licensed cannabis (and hemp) businesses and still be in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials had pushed the government to provide and to date, it is not clear if any banks have relied on the guidance. The aforementioned policy may be administration dependent and a change in presidential administrations may cause a policy reversal and retraction of current policies, wherein legal cannabis and hemp businesses may not have access to the banking industry. Also, the inability of potential customers in our target market to open accounts and otherwise use the service of banks may make it difficult for our affiliate sales representatives to purchase our hempSMART ™ products.

Banking regulations in our business are costly and time consuming:

In assessing the risk of providing services to a cannabis-related business, a financial institutions may conduct customer due diligence that includes: (i) verifying with the appropriate state authorities whether the business is duly licensed and registered; (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its cannabis-related business; (iii) requesting from state licensing and enforcement authorities available information about the business and related parties; (iv) developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers); (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available. These regulatory reviews may be time consuming and costly.

Due to our involvement in the cannabis/hemp industry, we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liability:

Insurance that is otherwise readily available, such as general liability, and directors and officer's insurance, is more difficult for us to find, and more expensive, because we sell products containing industrial hemp-based CBD, and generally conduct research and development in the cannabis/hemp industry. There are no guarantees that we will be able to find such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

The Company's industry is highly competitive and we have less capital and resources than many of our competitors which may give them an advantage in developing and marketing products similar to ours or make our products obsolete:

We are involved in a highly competitive industry where we may compete with numerous other companies who offer alternative methods or approaches, who may have far greater resources, more experience, and personnel perhaps more qualified than we do. Such resources may give our competitors an advantage in developing and marketing products similar to ours or products that make our products obsolete. There can be no assurance that we will be able to successfully compete against these other entities.

We may be unable to respond to the rapid technological change in the industry and such change may increase costs and competition that may adversely affect our business:

Rapidly changing technologies, frequent new product and service introductions and evolving industry standards characterize our market. The continued growth of the Internet and intense competition in our industry exacerbates these market characteristics. Our future success will depend on our ability to adapt to rapidly changing technologies by continually improving the performance features and reliability of our hempSMART ™ products. We may experience difficulties that could delay or prevent the successful development, introduction or marketing of our hempSMART ™ products. In addition, any new enhancements must meet the requirements of our current and prospective customers and must achieve significant market acceptance. We could also incur substantial costs if we need to modify our hempSMART ™ products and services or infrastructures to adapt to these changes.

We also expect that new competitors may introduce products or services that are directly or indirectly competitive with us. These competitors may succeed in developing, products and services that have greater functionality or are less costly than our products and services and may be more successful in marketing such products and services. Technological changes have lowered the cost of operating communications and computer systems and purchasing software. These changes reduce our cost of selling products and providing services, but also facilitate increased competition by reducing competitors' costs in providing similar services. This competition could increase price competition and reduce anticipated profit margins.

Our hempSMART™ products are new and our industry is rapidly evolving:
Due consideration must be given to our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies in their early stage of development, particularly companies in the rapidly evolving legal cannabis and hemp industries. To be successful we must, among other things:

- Develop, manufacture and introduce new attractive and successful consumer products in our hempSMART™ brand.
- Attract and maintain a large customer base and develop and grow that customer base.
- Increase awareness of our hempSMART™ brand and develop effective marketing strategies to insure consumer loyalty.
- Establish and maintain strategic relationships with key sales, marketing, manufacturing and distribution providers.
- Respond to competitive and technological developments.
- Attract, retain and motivate qualified personnel.

We cannot guarantee that we will succeed in achieving these goals, and our failure to do so would have a material adverse effect on our business, prospects, financial condition and operating results.

Some of our hempSMART™ products are new and are only in early stages of commercialization. We are not certain that these products will function as anticipated or be desirable to their intended markets. Also, some of our products may have limited functionalities, which may limit their appeal to consumers and put us at a competitive disadvantage. If our current or future hempSMART™ products fail to function properly or if we do not achieve or sustain market acceptance, we could lose customers or could be subject to claims which could have a material adverse effect on our business, financial condition and operating results.

As is typical in a new and rapidly evolving industry, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. Because the market for our Company is new and evolving, it is difficult to predict with any certainty the size of this market and its growth rate, if any. We cannot guarantee that a market for our Company will develop or that demand for our products will emerge or be sustainable. If the market fails to develop, develops more slowly than expected or becomes saturated with competitors, our business, financial condition and operating results would be materially adversely affected.

The Company's failure to continue to attract, train, or retain highly qualified personnel could harm the Company's business:

The Company's success also depends on the Company's ability to attract, train, and retain qualified personnel, specifically those with management and product development skills. In particular, the Company must hire additional skilled personnel to further the Company's research and development efforts. Competition for such personnel is intense. If the Company does not succeed in attracting new personnel or retaining and motivating the Company's current personnel, the Company's business could be harmed.

If we are unable to attract and retain independent associates, our business may suffer.

Our future success depends largely upon our ability to attract and retain a large active base of independent direct sales associates and members who purchase our hempSMART™ products. We cannot give any assurances that the number of our independent associates will be established or increase in the future. Several factors affect our ability to attract and retain independent associates and members, including: on-going motivation of our independent associates; general economic conditions; significant changes in the amount of commissions paid; public perception and acceptance of our industry; public perception and acceptance of multi-level marketing; public perception and acceptance of our business and our products, including any negative publicity; the limited number of people interested in pursuing multi-level marketing as a business; our ability to provide proprietary quality-driven products that the market demands; and, competition in recruiting and retaining independent associates.

The loss of key management personnel could adversely affect our business.

We depend on the continued services of our executive officers and senior management team as they work closely with independent associate leaders and are responsible for our day-to-day operations. Our success depends in part on our ability to retain our executive officers, to compensate our executive officers at attractive levels, and to continue to attract additional qualified individuals to our management team. Although we have entered into employment agreements with our senior management team, and do not believe that any of them are planning to leave or retire in the near term, we cannot assure you that our senior managers will remain with us. The loss or limitation of the services of any of our executive officers or members of our senior management team, or the inability to attract additional qualified management personnel, could have a material adverse effect on our business, financial condition, results of operations, or independent associate relations.

The lack of available and cost-effective directors and officer's insurance coverage in our industry may cause us to be unable to attract and retain qualified executives, and this may result in our inability to further develop our business.

Our business depends on attracting independent directors, executives and senior management to advance our business plans. We currently do not have directors and officer's insurance to protect our directors, officers and the company against to possible third-party claims. This is due to the significant lack availability of such policies in the cannabis industry at reasonably competitive prices. As a result, the Company and our executive directors and officers are susceptible to liability claims arising by third parties, and as a result, we may be unable to attract and retain qualified independent directors and executive management causing the development of our business plans to be impeded as a result.

If government regulations regarding multi-level marketing change or are interpreted or enforced in a manner adverse to our business, we may be subject to new enforcement actions and material limitations regarding our overall business model.

Multi-level marketing is subject to foreign, federal, and state regulations. Any change in legislation and regulations could affect our business. Furthermore, significant penalties could be imposed on us for failure to comply with various statutes or regulations resulting from: ambiguity in statutes; regulations and related court decisions; the discretion afforded to regulatory authorities and courts interpreting and enforcing laws; and new regulations or interpretations of regulations affecting our business.

If our network marketing activities do not comply with government regulations, our business could suffer.

Many governmental agencies regulate our multi-level marketing activities. A government agency's determination that our business or our independent associates have significantly violated a law or regulation could adversely affect our business. The laws and regulations for multi-level marketing intend to prevent fraudulent or deceptive schemes. Our business faces constant regulatory scrutiny due to the interpretive and enforcement discretion given to regulators, periodic misconduct by our independent associates, adoption of new laws or regulations, and changes in the interpretation of new or existing laws or regulations.

Independent associates could fail to comply with our policies and procedures or make improper product, compensation, marketing or advertising claims that violate laws or regulations, which could result in claims against us that could harm our financial condition and operating results.

In part, we sell our products through a sales force of independent associates. The independent associates are independent contractors and, accordingly, we are not in a position to provide the same direction, motivation, and oversight as we would if associates were our own employees. As a result, there can be no assurance that our associates will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our associate policies and procedures. All independent associates will be required to sign a written contract and agree to adhere to our policies and procedures, which prohibit associates from making false, misleading or other improper claims regarding our hempSMART™ products or income potential from the distribution of the products. However, independent associates may from time to time, without our knowledge and in violation of our policies, create promotional materials or otherwise provide information that does not accurately describe our marketing program. There is a possibility that some jurisdictions could seek to hold us responsible for independent associate activities that violate applicable laws or regulations, which could result in government or third-party actions or fines against us, which could harm our financial condition and operating results.

We may be held responsible for certain taxes or assessments relating to the activities of our independent associates, which could harm our financial condition and operating results.

Our independent associates are subject to taxation and, in some instances, legislation or governmental agencies impose an obligation on us to collect taxes, such as value added taxes, and to maintain appropriate tax records. In addition, we are subject to the risk in some jurisdictions of being responsible for social security and similar taxes with respect to our distributors. In the event that local laws and regulations require us to treat our independent distributors as employees, or if our distributors are deemed by local regulatory authorities to be our employees, rather than independent contractors, we may be held responsible for social security and related taxes in those jurisdictions, plus any related assessments and penalties, which could harm our financial condition and operating results.

Our Investment in MoneyTrac is subject to possible pricing volatility.

On March 13, 2017, the Company entered into a stock purchase agreement to acquire up to 15,000,000 common shares of MoneyTrac Technology, Inc., a corporation organized and operating under the laws of the state of California, for a total purchase price of $250,000 representing approximately 15% ownership at the time of the agreement. As of December 31, 2017, the Company had acquired 15,000,000 common shares for $250,000 representing approximately 15% ownership. In connection with the investment, Donald Steinberg, the Company's President and Chief Executive Officer and Director, was appointed as a board member to MoneyTrac.

The Company accounts for its investment in MoneyTrac Technology, Inc. at estimated market fair value using the market price for the publicly traded shares under the ticker symbol "GOHE" as listed on OTC Markets as an indicator of fair market value. As of June 30, 2019, and December 31, 2018, the balance of this investment was $525,000 and $810,000 and was classified as a short-term investment.

On July 19, 2019, MoneyTrac completed a 1:100 reverse split of its common stock, which reduced the number of shares beneficially owned by the Company to 1,500,000 shares. MoneyTrac's common stock is traded on the OTC Markets Pink Sheet Tier, and is subject to daily price volatility that may materially impact the Company's return on investment.

We may be unable to fully capture the expected value from our joint ventures with Global Hemp Group, Inc.

In connection with our entry into joint ventures with Global Hemp Group, Inc., we face numerous risks and uncertainties, including effectively integrating our respective personnel, management controls and business relationships into an effective and cohesive operation. Further, we are subject to additional risks and uncertainties because we may be dependent upon, and subject to, liability losses or damages relating to system controls and personnel that are not under our control.

For example, our arrangements relating to the Company's joint venture Global Hemp Group, Inc. rely significantly upon the activities of Global Hemp Group, Inc. in Canada, and its operation of the research project in conformity with Canadian law. We will not be directly involved with the research, and will rely upon Global Hemp Group' personnel, business acumen, experience and involvement to insure compliance with the parameters of the research project and its compliance with Canadian law.

If we are unable to integrate and monitor our joint ventures successfully and efficiently, there is a risk that our results of operations, financial condition and cash flows may be materially and adversely affected. In addition, conflicts or disagreements between us and any of our joint venture partners may negatively impact the benefits to be achieved by the relevant joint venture. There is no assurance that any of our joint ventures will be successfully integrated or yield all of the positive benefits anticipated.

Risks Related to the Company

Uncertainty of profitability:

Our business strategy may result in increased volatility of revenues and earnings. As we will only develop a limited number of products at a time, our overall success will depend on a limited number of products, which may cause variability and unsteady profits and losses depending on the products and/or services offered and their market acceptance.

Our revenues and our profitability may be adversely affected by economic conditions and changes in the market for our products. Our business is also subject to general economic risks that could adversely impact the results of operations and financial condition.

Because of the anticipated nature of the products that we offer and attempt to develop, it is difficult to accurately forecast revenues and operating results and these items could fluctuate in the future due to a number of factors. These factors may include, among other things, the following:

- Our ability to raise sufficient capital to take advantage of opportunities and generate sufficient revenues to cover expenses.

- Our ability to source strong opportunities with sufficient risk adjusted returns.

- Our ability to manage our capital and liquidity requirements based on changing market conditions generally and changes in the developing legal medical marijuana and recreational marijuana industries.

- The acceptance of the terms and conditions of our multi-level sales agreements.

- The amount and timing of operating and other costs and expenses.

- The nature and extent of competition from other companies that may reduce market share and create pressure on pricing and investment return expectations.
- Adverse changes in the national and regional economies in which we will participate, including, but not limited to, changes in our performance, capital availability, and market demand.
- Adverse changes in the projects in which we plan to invest which result from factors beyond our control, including, but not limited to, a change in circumstances, capacity and economic impacts.

- Adverse developments in the efforts to legalize cannabis or increased federal enforcement.

- Changes in laws, regulations, accounting, taxation, and other requirements affecting our operations and business.

- Our operating results may fluctuate from year to year due to the factors listed above and others not listed. At times, these fluctuations may be significant.

Management of growth will be necessary for us to be competitive:

Successful expansion of our business will depend on our ability to effectively attract and manage staff, strategic business relationships, and shareholders. Specifically, we will need to hire skilled management and technical personnel as well as manage partnerships to navigate shifts in the general economic environment. Expansion has the potential to place significant strains on financial, management, and operational resources, yet failure to expand will inhibit our profitability goals.

We are entering a potentially highly competitive market:

The markets for businesses in the cannabis and hemp industries are competitive and evolving. In particular, we face strong competition from larger companies that may be in the process of offering similar products and services to ours. Many of our current and potential competitors have longer operating histories, significantly greater financial, marketing and other resources and larger client bases than we have (or may be expected to have).

Given the rapid changes affecting the global, national, and regional economies generally and the cannabis and hemp industries, in particular, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to keep pace with any changes in its markets, especially with legal and regulatory changes. Our success will depend on our ability to respond to, among other things, changes in the economy, market conditions, and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material adverse effect on our financial condition, operating results, liquidity, cash flow and our operational performance.

Although we believe that our hempSMART™ products are exempt from regulation under the CSA, the U.S. Patent and Trademark Office may disagree and disallow us from obtaining trademark and patent protection for our hempSMART™ brand and products:

We have applied for a trademark for our hempSMART™ brand name and a patent for our hempSMART™ Brain product. Because our hempSMART™ Brain product contains industrial hemp derived CBD and may be considered an illegal Schedule 1 drug under federal law, the U.S. Patent and Trademark Office may not approve our pending applications for patent or trademark protection, and this could materially affect our ability to establish and grow our hempSMART ™ brand, products and develop our customer base and good will.

If we fail to protect our intellectual property, our business could be adversely affected:

Our viability will depend, in part, on our ability to develop and maintain the proprietary aspects of our hempSMART™ products and brand to distinguish our hempSMART™ products and services from our competitors' products and services. We rely on patents, copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect our intellectual property.

Any infringement or misappropriation of our intellectual property could damage its value and limit our ability to compete. We may have to engage in litigation to protect the rights to our intellectual property, which could result in significant litigation costs and require a significant amount of our time.

Competitors may also harm our sales by designing products that mirror the capabilities of our products or technology without infringing on our intellectual property rights. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

We may also find it necessary to bring infringement or other actions against third parties to seek to protect our intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute, and there can be no assurance that we will have the financial or other resources to enforce our rights or be able to enforce our rights or prevent other parties from developing similar technology or designing around our intellectual property.

Our trade secrets may be difficult to protect:

Our success depends upon the skills, knowledge and experience of our scientific and technical personnel, our consultants and advisors, as well as our contractors. Because we operate in a highly competitive industry, we rely in part on trade secrets to protect our proprietary hempSMART ™ products and processes. However, trade secrets are difficult to protect. We enter into confidentiality or non-disclosure agreements with our corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by us during the course of the receiving party's relationship with us. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to us will be our exclusive property, and we enter into assignment agreements to perfect our rights.

These confidentiality, inventions and assignment agreements may be breached and may not effectively assign intellectual property rights to us. Our trade secrets also could be independently discovered by competitors, in which case we would not be able to prevent the use of such trade secrets by our competitors. The enforcement of a claim alleging that a party illegally obtained and was using our trade secrets could be difficult, expensive and time consuming and the outcome would be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect our competitive position.

Our Business Can be Affected by Unusual Weather Patterns:

The production of some of our hempSMART™ products relies on the availability and use of live plant material. Growing periods can be impacted by weather patterns and these unpredictable weather patterns may impact our ability to harvest hemp products. In addition, severe weather, including drought and hail, can destroy a hemp crop, which could result in our having no hemp to process. If our suppliers are unable to obtain sufficient hemp from which to process CBD, our ability to meet customer demand, generate sales, and maintain operations will be impacted.

Ordinary and necessary business deduction other than the cost of goods sold are disallowed by the Internal Revenue Services for Cannabis companies under IRC Section 280E:

At this juncture, IRS 280E does not interfere with our businesses model from deducting ordinary and necessary business expenses. However, should Company enter the cannabis industry more directly, this onerous tax burden might significantly impact the profitability of the Company and may make the pricing of its products less competitive.

Risks Related to Our Common Stock

Because we may issue additional shares of our common stock, investment in our company could be subject to substantial dilution:

Investors' interests in our Company will be diluted and investors may suffer dilution in their net book value per share when we issue additional shares. We are authorized to issue 5,000,000,000 shares of common stock, $0.001 par value per share. As of June 30, 2019, there were 47,314,675 shares of our common stock issued and outstanding. We anticipate that all or at least some of our future funding, if any, will be in the form of equity financing from the sale of our common stock. If we do sell more common stock, investors' investment in our company will be diluted. Dilution is the difference between what investors pay for their stock and the net tangible book value per share immediately after the additional shares are sold by us. If dilution occurs, any investment in our company's common stock could seriously decline in value.

Trading in our common stock on the OTCQB Exchange has been subject to wide fluctuations:

Our common stock is currently quoted for public trading on the OTCQB Market Tier. The trading price of our common stock has been subject to wide fluctuations. Trading prices of our common stock may fluctuate in response to a number of factors, many of which will be beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with limited business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by our common stock will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for us and a diversion of management's attention and resources.

Utah law, our Certificate of Incorporation and our by-laws provides for the indemnification of our officers and directors at our expense, and correspondingly limits their liability, which may result in a major cost to us and hurt the interests of our shareholders because corporate resources may be expended for the benefit of officers and/or directors:

Our Certificate of Incorporation and By-Laws include provisions that eliminate the personal liability of our directors for monetary damages to the fullest extent possible under the laws of the State of Utah or other applicable law. These provisions eliminate the liability of our directors and our shareholders for monetary damages arising out of any violation of a director of his fiduciary duty of due care. Under Utah law, however, such provisions do not eliminate the personal liability of a director for (i) breach of the director's duty of loyalty, (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violation of law, (iii) payment of dividends or repurchases of stock other than from lawfully available funds, or (iv) any transaction from which the director derived an improper benefit. These provisions do not affect a director's liabilities under the federal securities laws or the recovery of damages by third parties.

We do not intend to pay cash dividends on any investment in the shares of stock of our Company and any gain on an investment in our Company will need to come through an increase in our stock's price, which may never happen:

We have never paid any cash dividends and currently do not intend to pay any cash dividends for the foreseeable future. To the extent that we require additional funding currently not provided for, our funding sources may prohibit the payment of a dividend. Because we do not currently intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen and investors may lose all of their investment in our company.

Because our securities are subject to penny stock rules, you may have difficulty reselling your shares:

Our shares as penny stocks, are covered by Section 15(g) of the Securities Exchange Act of 1934 which imposes additional sales practice requirements on broker/dealers who sell our company's securities including the delivery of a standardized disclosure document; disclosure and confirmation of quotation prices; disclosure of compensation the broker/dealer receives; and, furnishing monthly account statements. These rules apply to companies whose shares are not traded on a national stock exchange, trade at less than $5.00 per share, or who do not meet certain other financial requirements specified by the Securities and Exchange Commission. These rules require brokers who sell "penny stocks" to persons other than established customers and "accredited investors" to complete certain documentation, make suitability inquiries of investors, and provide investors with certain information concerning the risks of trading in such penny stocks. These rules may discourage or restrict the ability of brokers to sell our shares of common stock and may affect the secondary market for our shares of common stock. These rules could also hamper our ability to raise funds in the primary market for our shares of common stock.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock:

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority (known as "FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common shares, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Costs and expenses of being a reporting company under the 1934 Securities and Exchange Act may be burdensome and prevent us from achieving profitability.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and parts of the Sarbanes-Oxley Act. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended June 30, 2019, the Company made the following sales of unregistered equity securities:

On April 4 2019, the Company issued 33,333 common shares to Kaelan Dunbar for services. The issuance to Ms. Dunbar was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Dunbar was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Ms. Dunbar full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Dunbar acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On April 19 2019, the Company issued 116,667 common shares to David Cook for services. The issuance to Mr. Cook was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Cook was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Cook full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Cook acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On April 24, 2019, the Company issued 496,460 common shares to Donald Steinberg for services. The issuance to Mr. Steinberg was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Steinberg was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Steinberg full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Steinberg acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On April 24, 2019, the Company issued 436,667 common shares to Charles Larsen for services. The issuance to Mr. Larsen was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Larsen was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Larsen full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Larsen acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On April 24, 2019, the Company issued 287,729 common shares to Robert L. Hymers, III for the conversion of debt that was accrued for consulting services rendered.. The issuance to Mr. Hymers was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Hymers was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Hymers full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Hymers acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On May 22, 2019, the Company issued 16,667 common shares to Daniel Witzel. The issuance to Mr. Witzel was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Witzel was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Witzel full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Witzel acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On May 24, 2019, the Company issued 16,667 common shares to Joel Tolchin. The issuance to Mr. Tolchin was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Tolchin was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Tolchin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Tolchin acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On May 30, 2019, the Company issued 8,333 common shares to Ian Harvey. The issuance to Mr. Harvey was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Harvey was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Harvey full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Harvey acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On June 18, 2019, the Company issued 16,667 common shares to Jaqueline Montalvo. The issuance to Ms. Montalvo was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Montalvo was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Ms. Montalvo full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Montalvo acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On June 19, 2019, the Company issued 8,333 common shares to Casey Eberhart. The issuance to Mr. Eberhart was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Eberhart was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Eberhart full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Eberhart acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On June 27, 2019, the Company issued 177,054 common shares to IRTH Communications ("IRTH"). The issuance to IRTH was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. IRTH was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to IRTH full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. IRTH acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On June 27, 2019, the Company issued 1,333 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Paladin was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 5,128,205 common shares to Donald Steinberg. The issuance to Mr. Steinberg was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Steinberg was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Steinberg full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Steinberg acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,538,462 common shares to Green Capital Advisors LLC ("Green Capital"). The issuance to Green Capital was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Green Capital was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Green Capital full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Green Capital acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Jesus Quintero. The issuance to Mr. Quintero was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Quintero was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Quintero full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Quintero acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Robert Coale. The issuance to Mr. Coale was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Coale was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Coale full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Coale acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Caren Glaser. The issuance to Ms. Glaser was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Glaser was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Ms. Glaser full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Glaser acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 166,667 common shares to Trevor Muehlfelder. The issuance to Mr. Muehlfelder was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Muehlfelder was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Muehlfelder full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Muehlfelder acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Edward Manolos. The issuance to Mr. Manolos was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Manolos was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Manolos full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Manolos acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 3,666,667 common shares to Robert L. Hymers, III for services. The issuance to Mr. Hymers was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Hymers was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Hymers full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Hymers acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 83,333 common shares to Tad Mailander. The issuance to Mr. Mailander was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Mailander was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Mailander full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Mailander acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are included as part of this report:

Exhibit Number	Exhibit Description
3.1	Articles of Incorporation (1)
3.2	By-laws (1)
10.1	Global Hemp Group, Inc. TTO Enterprises, Inc. Company Joint Venture Agreement(1)
31*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.

* Filed herewith
** Furnished herewith
(1) Incorporated by reference

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December 19 , 2019

MARIJUANA COMPANY OF AMERICA, INC.

By: /S/ Jesus M. Quintero

Jesus M. Quintero
Chief Executive Officer
(Principal Executive Officer)

By: /S/ Jesus M. Quintero

Jesus Quintero
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1
RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Jesus M. Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A for the quarter ended June 30, 2019 of Marijuana Company of America, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 19, 2019

/S/ Jesus M. Quintero

Jesus M. Quintero
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2
RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Jesus M. Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A for the quarter ended June 30, 2019 of Marijuana Company of America, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 19, 2019

/s/ Jesus M. Quintero
Jesus M. Quintero, Chief Accounting Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q/A for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus M. Quintero, Chief Executive Officer of Marijuana Company of America, Inc., certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

December 19, 2019

/S/ Jesus M. Quintero

Jesus M. Quintero
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q/A for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus M. Quintero, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

December 19, 2019

/S/ Jesus M. Quintero

Jesus M. Quintero
Chief Accounting Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.